HEARING ON H.R. 1398, THE INCOME AND JOBS ACTION ACT OF 1985

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WARREN, OH, MARCH 3, 1986

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HEARING ON H.R. 1398, THE INCOME AND JOBS ACTION ACT OF 1985

MONDAY, MARCH 3, 1986

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Warren, OH.

The subcommittee met, pursuant to notice, at 9:30 a.m., in the Union Hall of Local 1375, United Steelworkers of America, 746 Elm Road, Warren, OH, Hon. Matthew G. Martinez (chairman of the subcommittee) presiding.

Members present: Representatives Martinez, Hayes, and Traficant.

Staff present: Eric Jensen, staff director; Bruce Packard, legislative assistant; Mary Gardner, minority staff assistant; Grace Yavorsky, district staff assistant.

Mr. **Martinez**. If we could have your attention. Before we actually start the hearing, I understand that the city councilman from the 5th ward is here to present us with a plaque and welcome us to the city.

Daniel Polifka, would you rise and make your presentation, please.

STATEMENT OF DANIEL POLIFKA

Mr. **Polifka**. I would like to read off this resolution on behalf of the Warren City Council. Bob Miller and Mike Rubich contacted us Monday and we had it drafted up for the Wednesday Council meeting:

> Expressing Warren City Council's support for the passage of the United States House Bill 1398 and welcoming Congressional Subcommittee meetings on Employment Opportunities, Education and Labor Committees, and welcoming Congressman Matthew Martinez, Chairman, Congressman Hayes, and also complimenting our Congressman Traficant to get the meetings here. Whereas the City of Warren, the entire Mahoning Valley and all of Ohio is suffering from increasing high levels of unemployment, and whereas employees who lose their jobs because of the depressed economy and are suffering serious hardships, the United States House Bill 1398 is intended to provide every adult American able and willing to earn a living through paid work the right of free choice among opportunities for useful, productive and fulfilling paid employment agencies at decent wages and self-employment.
>
> Now, therefore, be it resolved by City Council, City of Warren, that Council of the City hereby expresses its support through passage of United States House Bill 1398 and Trumbull County Federation of Labor. The Clerk of Council is hereby authorized and directed to send a copy of this resolution to the Honorable Howard Metzenbaum, Honorable John Glenn, Senators from the State of Ohio, and the Honorable James Traficant, 17th District Congressman, from the State of Ohio.

I would just like to say real quick that back in July 1984, Mike came to us and asked support of this House bill 1398. I feel strongly that living in the city of Warren and seeing a lot of my friends move to California, Florida, other areas, that we are one of the hard-hit areas. We do need assistance, and we wish to welcome everyone to the subcommittee meeting hearing.

It is certainly an honor and a privilege for the city of Warren to have.

Thank you.

Mr. MARTINEZ. Thank you very much, Dan. It's a pleasure to be here. And, of course, we appreciate the resolution; it says a mouthful. It gets to the heart of the problem that we are facing in this country today, and I am glad that you and your community have a sincere hope and wish, along with the rest of the communities in the United States, that we might resolve this problem.

Thank you.

With that, I would like to call this meeting to order and make an opening statement.

The hearing is being held today to receive testimony on H.R. 1398, the Income and Jobs Action Act of 1985. This bill seeks to promote a genuine and sustainable economic recovery and full employment by implementing the Humphrey-Hawkins Full Employment Act of 1978.

Currently, there are over 8 million Americans unemployed in this country, 1.2 million Americans who are discouraged from finding work, and approximately 5.5 million Americans who must work part-time because they cannot find full-time jobs. If the unemployment figures would include the discouraged workers and the part-time workers who must settle for part-time jobs, the unemployment rate would be close to 10.4 percent. The present administration does not care to reveal those numbers.

While America is suffering from this high unemployment, minorities of America are affected to an even greater extent, with unemployment rates from 11 to 40 percent. Young people have the highest of those rates. It is very important to note that the unemployment data furnished by the Government does not reflect the high number of Americans who, despite having a job either full or part time, are still living below the poverty level and cannot adequately provide for their families on their meager earnings.

At a time when foreign competition has devastated many U.S. industries, when cities are experiencing high unemployment caused by structural unemployment and plant closings, and when youth, minorities, older Americans, and the handicapped are experiencing perpetual unemployment, the administration wants to drastically reduce or eliminate completely the programs which give these workers the opportunity to develop marketable job skills and become contributing citizens in our economy.

To date, this administration has blocked reauthorization of trade adjustment assistance, has reduced funding for dislocated workers programs under the Job Training Partnership Act, and refused to support a plant closing notification bill which was before the House in 1985. Now, they wish to terminate job training programs for welfare recipients and have targeted youth employment training programs for cuts. This administration, while saying we must put

America back to work, has turned its back on the American workers.

This lack of foresight and planning for the future will create a burgeoning class of welfare recipients without access to the jobs or job training programs necessary for them to leave the welfare rolls. This is indeed an ironic situation in light of the administration's preoccupation with abolishing welfare.

In light of these concerns, our Nation needs a comprehensive and sound policy which addresses these crucial economic problems.

Today we will examine H.R. 1398, which has been introduced by the Honorable Charles Hayes. H.R. 1398 is a proposed solution to the problems of unemployment and worker dislocation.

We held a hearing in Chicago in September of last year on H.R. 1398 and will hold another hearing on the bill in Beaver County, PA, on April 21.

We are pleased to be here today in Ohio to receive testimony from Congressman Traficant and concerned members of the Ohio community on how this bill could improve the economy of Ohio.

At this time I would like to turn to Charlie Hayes for a statement.

STATEMENT OF HON. CHARLES A. HAYES, A MEMBER OF CONGRESS FROM THE STATE OF OHIO

Mr. HAYES. Very briefly, Mr. Chairman, I want to thank you for having found time in a period of difficulty as we proceed to try to reduce this deficit. It affects our ability, I know, to move around from city to city and hold this kind of hearing.

One of the best ways, and I hope that we can find out, to reduce the Federal deficit, which we are all concerned about in the Congress, this $300 billion deficit we are saddled with, is to put people who are unemployed back to work and have them start paying taxes, and increase the revenue of this Federal Government of ours.

A little over 1 year ago I was in this area and spoke to a conference of the unemployed people who were out of work then, and many of them, most of them, are still out of work now with no plans, I understand, being advanced to provide jobs for them.

I certainly want to support my colleague, Mr. Traficant, who is a cosponsor of H.R. 1398, in his efforts to assist us through some of these problems. I think that if we can have these hearings, and show the severity of the problem of unemployment, the critical needs for action on the part of our Federal Government at a time when it seems to me the administration is continuing to gloat over success in the economic improvement when, in reality, we know there has been very little success. I hope we can be helpful.

We have been conditioned now to accept roughly 7 percent unemployment as full employment.

The only way we are going to turn it around is to begin to try to come through with some kind of legislation, that is creating the kinds of jobs, the necessary jobs that need to be performed. Practically every city you go into the industry structures have begun to decay, and we need help.

Our bridges, our sewers, and housing are in critical need, and H.R. 1398 creates measures which could find jobs for people. We need to stop raving about it and do something about it, and I think H.R. 1398 certainly gets the Government in the position where they will at least commit themselves to pursue a course toward full employment, to provide jobs for those people who are ready, and able, and willing to work. For those unable to work, then provide them with an income until they find a job.

That is exactly what this bill all about and, certainly, I appreciate your taking the time to be here for this hearing.

Thank you, Mr. Chairman.

Mr. **Martinez**. Thank you, Mr. Hayes.

Our first witness today is no stranger to any of you. Charlie Hayes and I have come to know him as a human dynamo, someone who gets up on the House floor and lays waste to the rhetoric we hear from the other side of the aisle, from people who claim that we are in the midst of a great economic recovery.

No one knows better than Jim Traficant, representing the 17th District of Ohio, that only the well to do are experiencing an economic recovery. The trickle-down theory hasn't worked and it will never work. Here is someone who I believe will contribute greatly to the deliberations on this bill.

At this time, I would like to hear from the Honorable James Traficant.

STATEMENT OF HON. JAMES A. TRAFICANT, JR., A MEMBER OF CONGRESS FROM THE STATE OF OHIO

Mr. **Traficant**. Thank you, Mr. Chairman.

I would like to start out by welcoming you to our valley, and we are certainly graced by your presence and the fact that you have been a leader in a program of trying to develop some action relative to the problems we face, not continuing to expound with empty rhetoric.

So, Mr. Martinez as the chairman and Mr. Hayes as sponsor officially of H.R. 1398, I welcome you today on behalf of many of the people here who suffer the pain of unemployment and the continuing prospects of unemployment opportunities being great and employment opportunities rather weak.

I would like to give you some brief background, and I have been tempted to come on so perhaps maybe you would be acclimated to what we can expect from the remainder of the testimony; in addition to that, maybe to recognize what is happening in the State of Ohio.

Ohio right now is the No. 1 State in the Union for unemployment. The No. 2 State is the State of Michigan, and No. 3 is the State of Illinois. Being that Ohio is No. 1 for unemployment in all the country, the most significant part of your visit and the dynamics of your particular visit is the fact that our area, the Mahoning Valley, is the No. 1 center of unemployment in Ohio.

So if you can now look at the problem, Ohio is No. 1 and our area's No. 1 in Ohio, so this is the most critical pocket of chronic unemployment in all of America, a cancer that has existed since

1977 when our steel industries really had fallen on their faces from the loss of job effectiveness.

In regard to that, to give you some further information, there is some question as to the exact number, but it's pretty much an agreeable figure, that this valley lost some 55,000 jobs. Those 55,000 jobs, many of them being in heavy manufacturing at an annual average rate, if you would interpret it, per hour, of $12.90 per hour. Now, subsequent to the loss of some 55,000 jobs, they have talked about the marvel of the new creation, the service jobs, and the retail trade jobs.

I would advise you that the service jobs and the retail trade jobs do not exceed more than 10,000 in this same period of time in jobs; and the annual rate, if it was interpreted on an hourly basis for a service job, would be at the hourly rate of minimum wage, $3.35 to perhaps $4; the retail trade jobs at an average of $5.59 per hour. So, as you can see, this so-called great change that you have talked about is not really effective here, and we have not been affected by it and the prospects are not very good for us.

But if we look at that ratio, for us to move toward an economic environment equal to the standard of living of the mid-seventies, this valley would have to create in excess of 125,000 service jobs. You know that is literally a crazy figure for us to even try and attempt to reverse our prospects with that type of programming.

So, in that regard, let's look at it now in a dollar figure. From my estimation, this valley has lost $1½ billion in wages and an additional half billion dollars in fringe benefits, which is actually money in the pockets of our particular worker share. This area has been hit with an almost $2 billion demise. It still ranks No. 1 in Ohio, and there has been relatively, in my opinion, little prospects of reversing it with the continuing posture of Government as it relates to us now.

In this regard, I am here today to talk to you about specific recommendations. Those recommendations you know, as I am a cosponsor of H.R. 1398. I think Mr. Hayes has brought forward a bill and you have tried to maximize the potential of this bill to guarantee a decent standard of living, and a reasonable wage, and an opportunity for work for everybody in this country.

As you know, the administration is not for this legislation or this type of legislation, but I am here today talking to you as a fellow Democrat now, notwithstanding the fact that no Republican did come with your committee, and nothing derogatory to say about the Republican movement because I really do not blame it. The Republicans have support of this President.

I am talking to you today about our Democrats who have a clear majority in the House but for some reason have failed us on key issues.

In that regard, I am recommending today that your committee be the catalyst for the creation within the Democratic Party caucus, a specific caucus on unemployment and poverty in America, so that legislative initiatives would become the key primary goal of this Congress; not a missile, but a job.

Second being is certainly that your committee, through the recommendation of the Democratic leaders, move toward a specific national industrial policy to ensure that what industry we have left has an opportunity to stay alive and continue operating.

I say that because with all of the loss of jobs we have talked about, Mr. Chairman, they have been manufacturing-type jobs; and I am going to give you two specific citations here for the record that you can, in fact, document and look at in addition to your own problems.

We have lost here in the city of Youngstown, for example, in the 17th District, our largest city, a General Electric plant. Now, as we come to find out, through this General Electric move and closing it down, that they were operating at a profit.

My investigation shows that in the last 15 years the General Electric Corp. has established a minimum of 30,000 jobs across the border in just Mexico alone. It's no wonder, with General Electric moving to Mexico, that sooner or later they would take a plant and continue to take plants in America, and at some particular point, it came to the profitable plant in Youngstown, OH, that in the midst of this problem we would lose a plant.

But here is what I also found out: I found out, through my investigation, that if an American corporation develops a subsidiary overseas and they manufacture the same product that was made in Youngstown, OH, they could ship that product back to America, including Youngstown, OH, and the profits they make on the sale of that manufactured item, if they are reinvested in that foreign country, they do not even pay taxes to Uncle Sam.

As a result, I have brought forward the Foreign Subsidiary Tax Equity Act. I tried to have the rule for the new tax reform bill amended. It was a closed rule. I think that your committee should look at the tax laws and the trade laws in addition to and in a partnership with the job and income action bill because I believe that you have put together a concept that is broad enough and encompassing enough.

If you can interpret the trade, if you can interpret the tax data, then perhaps job and income action may have a shot even with some of our very conservative Republicans who are talking about supply side suffering programs.

But the last recommendation and the last citation I want to make relative to that is something that doesn't even hit our area, but to show that this isn't a parochial issue only, I briefly give you this citation.

Last year, AT&T shut down its Shreveport, LA, plant. It permanently laid off 1,200 employees. They made residential telephones. Now, as you know, we cannot penetrate most of the major foreign markets with our telecommunications industry.

I make this point because it has a bearing on our trade and not just the problems here. But in that regard, the very next day they announced that they would invest $30 million in Singapore, and would hire 1,500 people in Singapore, and would create, and manufacture the same residential telephones.

So the point that I am trying to make is that we have looked at these problems as a parochial problem. They are not. We are intertwined with the national problems where we have to level out the playing fields of trade and we have to close the loopholes for the American dollar going overseas taking advantage of slave labor wages and, in my opinion, tax saving countries. So that any legislation now in a partnership devised for the Democratic caucus on unemployment and poverty should be packaged around on position, job, and income action now, with specific adjustments of those problems that have caused us our cancer.

Now, specifically, and I ask here at this point upon my conclusion that I can submit any extraneous materials relative to my particular talk and any specific statistics that may be referred to the committee here today. But I have those, and one of them consists of a study made in Youngstown State University, Department of Urban Studies. Although it was made in excess of 12 months ago, it highlights very carefully the next statement for the record.

Mr. MARTINEZ. All right. Without objection, all materials that you introduce will be made part of the permanent record.

Mr. HAYES. No objection.

[The prepared statement of Hon. James A. Traficant follows:]

PREPARED STATEMENT OF HON. JAMES A. TRAFICANT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

I WOULD FIRST LIKE TO THANK THE CHAIRMAN OF THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES, REPRESENTATIVE MATTHEW MARTINEZ, AND REPRESENTATIVE CHARLES HAYES FOR THEIR ATTENDANCE AND PARTICIPATION AT THIS HEARING. I BELIEVE IT IS IMPORTANT THAT WE LOOK AT THE ISSUE OF UNEMPLOYMENT IN A PLACE WHERE IT REALLY HAS HIT HOME. THAT PLACE IS NOT WASHINGTON, D.C., IT IS HERE IN THE MAHONING VALLEY. A RECENTLY RELEASED STUDY BY THE UNIVERSITY OF CINCINNATI REVEALS THAT OUR AREA HAS LOST OVER ONE-THIRD OF ITS MANUFACTURING JOBS BETWEEN 1977 AND 1982. IN OUR AUDIENCE TODAY, I AM SURE WE CAN FIND MANY PEOPLE WHO CAN EXPLAIN WHAT THAT MEANS IN VERY PERSONAL TERMS.

I WOULD FIRST LIKE TO FOCUS ON THE OVERALL ISSUE OF UNEMPLOYMENT AND THEN DISCUSS SOME OF THE SPECIFIC BENEFITS CONTAINED IN H.R. 1398 AND HOW THEY MIGHT APPLY TO OUR AREA.

UNEMPLOYMENT IS AN ISSUE WHICH HAS LARGELY BEEN IGNORED BY THE CURRENT ADMINISTRATION. ALTHOUGH OVERALL UNEMPLOYMENT STATISTICALLY HAS BEEN LOWERED, CERTAIN AREAS OF THE COUNTRY, INCLUDING MY CONGRESSIONAL DISTRICT, HAVE CONTINUED TO EXPERIENCE HIGH RATES OF UNEMPLOYMENT. IT APPEARS THAT BECAUSE THE NUMBER OF PEOPLE SHOWN AS BEING UNEMPLOYED HAS DROPPED IN OUR AREA, EMPLOYMENT HAS SIGNIFICANTLY IMPROVED. THAT IS SIMPLY NOT THE CASE. THE PRIMARY REASON FOR THE REDUCTION IN THOSE NUMBERS IS BECAUSE MANY PEOPLE HAVE EXHAUSTED ALL OF THEIR UNEMPLOYMENT BENEFITS AND ARE NO LONGER ON THE ROLES FOR PURPOSES OF COUNTING THE UNEMPLOYED. AS A RESULT OF THE DRAMATIC DECLINE IN THE STEEL INDUSTRY AND RELATED SUPPORT INDUSTRIES, THERE ARE MANY IN THIS ROOM WHO HAVE STOPPED RECEIVING BENEFITS MONTHS OR EVEN YEARS AGO.

OUR LOCAL ECONOMY WAS GEARED PRIMARILY TOWARD THE MANUFACTURING SECTOR OF THE ECONOMY, SPECIFICALLY STEEL AND AUTOMOBILES. WHEN BOTH OF THESE INDUSTRIES BEGAN TO DECLINE, MANY WERE SAYING THAT A NEW AND INNOVATIVE SYSTEM MUST BE CREATED TO DEAL WITH THE DRAMATIC CHANGES IN OUR ECONOMIC SITUATION. EMPLOYMENT OPPORTUNITIES WERE CHANGING AND THE FEDERAL GOVERNMENT NEEDED TO REACT TO THE CHANGES IN THIS STRUCTURE. WHILE THESE STATEMENTS HAVE BEEN MADE MANY TIMES OVER, THE FEDERAL GOVERNMENT IS STILL IGNORING THE CHANGES IN OUR INDUSTRIAL ECONOMY AND DEVELOPING AN EMPLOYMENT POLICY WHICH WILL ADDRESS THESE CURRENT INADEQUACTIES. IN ADDITION THE RAPID APPLICATION OF ADVANCED METHODS OF PRODUCTION ARE LEADING TO THE DISLOCATION AND DISPLACEMENT OF THE HUMAN WORK FORCE.

ROBOTS ARE REPLACING AND DISPLACING FLESH AND BLOOD WORKERS ON ASSEMBLY LINES AND IN THE STEEL MILLS. TECHNOLOGY, IN MANY CASES, HAS BEEN ELEVATED TO THE HEAD OF THE LINE AT THE EXPENSE OF THE HUMAN BEING. WE MUST HAVE A COMPREHENSIVE COORDINATED AND PLANNED APPROACH TO THE MANAGEMENT, DEVELOPMENT AND GROWTH OF HUMAN, NATURAL AND FINANCIAL RESOURCES.

AS THE UNEMPLOYMENT CRISIS CONTINUES TO REMAIN A CRITICAL [illegible] FOR OUR AREA, I BELIEVE WE MUST KEEP IN MIND NOT ONLY THE ABILITIES WHICH OUR WORK FORCE POSSESSES, BUT THE RESPONSIBILITY WE AS A NATION HAVE TO PROVIDE AN ECONOMIC CLIMATE FOR ALL FAMILIES TO REALIZE THE AMERICAN DREAM A JOB AND AN ADEQUATE STANDARD OF LIVING. LARGE SCALE UNEMPLOYMENT HAS SOME EXTREMELY NEGATIVE EFFECTS ON OUR ECONOMY AND SOCIETY. IN MY VIEW THESE COSTS FAR OUTWEIGH THE ECONOMIC BENEFITS OF A REDUCED INFLATION RATE. IT IS MY BELIEF THAT THERE ARE OTHER MORE HUMANE WAYS TO FIGHT INFLATION THAN THE CRUEL CONSCIOUS CREATION OF UNEMPLOYMENT.

WITH LARGE-SCALE UNEMPLOYMENT, EVEN THOSE WORKERS WHO ARE ABLE TO FIND WORK, ARE NOT ABLE TO EARN EQUIVALENT WAGES TO THOSE OF THE JOB THEY LOST. ALL TOLD LESS THAN 25 PERCENT OF THE 5.1 MILLION DISPLACED WORKERS IN 1984 WHERE HOLDING POSITIONS PAYING EQUAL TO OR MORE THAN THE ONES THEY HAD LOST.

THE UNEMPLOYED EXPERIENCE GREAT PAIN AND SUFFERING [illegible] STRESS CAUSES PEOPLE TO BE MORE VULNERABLE TO [illegible] SAME TIME AS THEY NEED HEALTH CARE THE MOST, [illegible] LOST THEIR HEALTH INSURANCE, AND THUS TO [illegible] THEY NEED. DURING THE EARLY 1980'S, MORE [illegible] LOST HEALTH INSURANCE COVERAGE AS A [illegible] THE PEOPLE ATTENDING THIS HEARING [illegible] INSURANCE COVERAGE OR HAVE BEEN AT [illegible] EMPLOYMENT [illegible]

MANY OF THE UNEMPLOYED LOST [illegible] OF THEIR [illegible] AND [illegible] FAMILIES OF UNEMPLOYED WORKERS ARE TORN APART BY THE STRESS CONNECTED WITH UNEMPLOYMENT. THERE IS AN ASSOCIATION BETWEEN HIGH UNEMPLOYMENT AND HIGHER DEATH RATES FROM SUCH DISEASES AS CIRRHOSIS OF THE LIVER, AND HEART AND KIDNEY DISEASE.

FRANKLY, THE LARGE-SCALE UNEMPLOYMENT OF OUR AREA AND OF SIMILAR REGIONS AROUND THE COUNTRY ARE POSING A SERIOUS THREAT TO THE STABILITY OF OUR SOCIETY.

UNFORTUNATELY, THE CURRENT ADMINISTRATION APPEARS TO DISAGREE WITH THIS CONCLUSION BY ITS VERY INACTION. IN PRESS STATEMENTS, THE CONTENTION IS THAT UNEMPLOYMENT IS PRIMARILY VOLUNTARY, AND THAT A LARGE NUMBER OF THE UNEMPLOYED CHOOSE NOT TO ACCEPT EMPLOYMENT AT THE GOING LABOR WAGE. IT CONCLUDES THAT UNEMPLOYMENT AT AROUND 6 PERCENT REPRESENTS A FULL EMPLOYMENT POSTURE, THUS IN THEIR MINDS WE ARE VERY CLOSE TO THAT GOAL EVEN THOUGH WE ALL KNOW THE FIGURES MISREPRESENT THE TRUE PICTURE. THE CURRENT ADMINISTRATION DOES NOT HAVE A COMPREHENSIVE JOBS CREATION POLICY NOR DOES IT BELIEVE THAT THE DEVELOPMENT OF SUCH A STRATEGY IS NECESSARY.

THAT BRINGS ME TO THE OTHER FOCUS OF THIS HEARING. H.R. 1398, THE INCOME AND JOBS ACTION ACT OF 1985, INTRODUCED BY MY GOOD FRIEND AND COLLEAGUE HERE TODAY, CONGRESSMAN CHARLES HAYES OF ILLINOIS. H.R. 1398 IS A VIABLE AND REALISTIC INITIATIVE TO ACHIEVE FULL EMPLOYMENT BY CARRYING OUT THE EMPLOYMENT ACT OF 1946 AND THE HAWKINS-HUMPHREY FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978, TWO LAWS WHICH ARE NOT CURRENTLY BEING FOLLOWED BY THE CURRENT ADMINISTRATION. I FULL SUPPORT THIS LEGISLATION AND WOULD LIKE TO OFFER MY VIEWS AS TO WHY THIS BILL COULD BRING OUR HUMAN WORK FORCE TO LIFE.

H.R. 1398 ESTABLISHES IN LAW AN OVERALL ECONOMIC POLICY AND MANDATES A COORDINATED PROGRAM OF IMPLEMENTATION. MORE SIGNIFICANTLY, THIS LEGISLATION MANDATES THE SUBMISSION OF SPECIFIC PROPOSALS TO LOWER INTEREST RATES, SHORTEN HOURS OF WORK, IMPROVE EDUCATION AND TRAINING AND PROVIDE FOR NEEDED PUBLIC AND PRIVATE COOPERATION AT ALL LEVELS. INCENTIVES ARE PROVIDED FOR BOLD NEW LOCAL INITIATIVES THAT WOULD HELP PREVENT UNDUE CONCENTRATION OF FEDERAL OR CORPORATE POWER. H.R. 1398 DOES NOT CALL FOR THE CREATION OF ANY NEW AGENCIES, REGULATIONS, OR PROCEDURES, BUT IT WOULD REQUIRE GREATER COOPERATION BETWEEN FEDERAL, STATE, AND LOCAL GOVERNMENTS AND AGENCIES AND A STRENGTHENING OF EXISTING PROCEDURES.

I BELIEVE COOPERATION BETWEEN THE DIFFERENT LEVELS OF GOVERNMENT IS ONE OF THE PRIMARY KEYS TO THIS LEGISLATION BECAUSE TOO OFTEN ACTIONS TAKEN AT THE FEDERAL LEVEL WORK AGAINST WHAT IS BEING IMPLEMENTED AT THE STATE AND LOCAL LEVEL. INTERACTION BETWEEN THE VARIOUS GOVERNMENT JURISDICTIONS IS A VERY POSITIVE PROVISION OF THIS LEGISLATION.

THIS LEGISLATION HAS A VISION OF WHERE OUR NATION'S ECONOMY SHOULD BE HEADING. WHAT THIS MEASURE OFFERS IS HOPE TO MILLIONS OF AMERICANS WHERE NOT NOW EXISTS. HOPEFULLY, THIS LEGISLATION WILL ALSO STOP THE TENDENCY TO FILL THE VOID IN ECONOMY POLICY WITH EMPTY RHETORIC.

I THINK THE INCOME AND JOBS ACTION ACT IS ONE OF THE MOST IMPORTANT BILLS INTRODUCED IN THE 99TH CONGRESS. WE MUST MAINTAIN THE WORKERS WHO HAVE PAID THEIR DUES, WE MUST GUARANTEE THEIR ENTITLEMENTS. WE MUST ENSURE THAT THEY CAN LIVE IN PEACE, HAVE THE NECESSARY MEDICAL CARE, AND BE ABLE TO MAINTAIN AN ADEQUATE STANDARD OF LIVING. PASSAGE OF H.R. 1398 WILL HELP PEOPLE AVOID HOME FORCLOSURES BY INSURING THAT THEY CAN KEEP THEIR HOMES WHEN THEY ARE UNEMPLOYED AND UNABLE TO MAKE THE MORTGATE PAYMENTS. THIS IS LEGISLATION WE CAN EXPLAIN TO OUR CHILDREN WITH PRIDE. PASSING H.R. 1398 COULD BE THE FIRST STEP IN CHANGING THIS NATION'S PRIORITIES FROM THE DESTRUCTION OF OUR NUCLEAR ARMS BUILDUP TO THE CONSTRUCTION OF OUR NATION'S INFRASTRUCTURE AND PRESERVING OUR FAMILY VALUES. LET'S REVIVE THE AMERICAN DREAM. THROUGH HARD WORK, AND INCREASED PRODUCTIVITY THIS DREAM WILL BE REALIZED.

I WOULD LIKE TO AGAIN THANK CONGRESSMAN HAYES FOR HIS FORESIGHT IN DRAFTING THIS LEGISLATION AND PLEDGE TO HIM MY SUPPORT AND ASSISTANCE. I BELIEVE WE MUST AGAIN DRAW NATIONAL ATTENTION TO THE PROBLEMS OF THE UNEMPLOYED AND THIS BILL WILL HELP MOVE THIS PROCESS FORWARD.

I WOULD ALSO LIKE TO GIVE SPECIAL THANKS TO CHAIRMAN MARTINEZ AND HIS STAFF FOR THEIR COOPERATION IN BRINGING THIS HEARING TO THE 17TH CONGRESSIONAL DISTRICT. I KNOW THERE WERE A NUMBER OF BUDGETARY CONSTRAINTS RECENTLY APPLIED TO THE COMMITTEES AS A RESULT OF GRAMM-RUDMAN, AND I VERY MUCH APPRECIATE YOUR WORK IN SECURING THIS HEARING.

THIS COMPLETES MY FORMAL STATEMENT AND I WOULD BE HAPPY TO ADDRESS ANY QUESTIONS YOU MAY HAVE. THANK YOU.

Mr. TRAFICANT. Thank you, Mr. Chairman.

On that particular area, we are talking about an unemployment that financially affects us at 7 percent. We are talking now about Gramm-Rudman legislation over 5 years. He is going to reduce us approximately $40 billion per year for spending alone, supposedly, and then we are going to wipe out the deficit in 1991.

No. 1, for each 1 percent drop in unemployment America would raise $40 billion in revenue. So there is an economic figure here that must be approached through the loss of jobs and the gaining of employment. But, No. 2, in that same particular regard, when we look at a real unemployment rate, I do not believe America's figures of 7.3 nor this administration's. Furthermore, I do not believe the true unemployment rate of my own district.

Now, what we have happening is if an individual runs off the unemployment rolls, no longer is listed as a recipient of specific unemployment compensation or other Government assistance programs, then they are sort of lost and evidently go into a gray area of being somewhat employed, or at least not counting.

Now, the other people understand this better. But the point I am making is we need a true unemployment calculation that deals with those who no longer have these types of benefits and, No. 2, those individuals who had gone from $12 an hour jobs to $5 an hour jobs and are now on some public assistance because of the lack of wages.

Finally, many of these jobs we are talking about, $5 an hour, do not carry benefits. Somebody has to look at a continuing problem of health insurance and basic health services for many of these people, and I am not even today moving into the pension plans. But in the one pilot project that we had undertaken here through my district office, we found that one company, specifically Van Huffel, who is now in Chapter 11, had at one particular point 5 different pension plans.

I must say that I commend you for fighting for job training assistance. But I think we've come down to the point now where people don't want job training, people don't want vocational services. That's fine. People want jobs. I think it mandates now that this particular type of effort be made.

So, in closing, the State of Ohio is No. 1 in the Nation, our valley is No. 1 in Ohio. Ohio in the last 5 years in the statistical period between 1980 and 1984 lost more population than any State in the Union, save one, and the State that lost more population was Michigan, with a total loss of 5 percent, and next, of the 48 particular States, was Ohio, with a loss of 3 percent.

That 3 percent loss of population in Ohio, Mr. Chairman and Mr. Hayes, can be interpreted into the following numbers:

Approximately 329,000 people left the State of Ohio between 1980 and 1984, which will further, if this particular pattern continues to operate with the demise of the concentrated old industrial centers, with the old bridge that Mr. Hayes talked about and the old mills and the old technology.

If this continues to happen, it is projected that Ohio could lose a half million more people by the year Gramm-Rudman is supposed to straighten this country out in 1991. Now, if that happens, that will further decimate employment opportunities because that is going to put right now of the 329,000 Ohioans is conservatively 100,000 taxpayers who have left the State. Those 100,000 taxpayers will have to be made up by these people out there.

They are going to be hit with increasing taxes and very little incentive for industrial recapitalization in America, which means that my area is going to be nailed. Forget all the fancy Washington language, it is going to be nailed and nailed good, and we are already all the way down. The thing that bothers me is we could go down further.

In closing, then, I am recommending two things: I am asking that you look at the Foreign Subsidiary Tax Equity Act that I have proposed to the Congress and was accepted by the Joint Taxation Committee, but was opposed by the President and was finally deleted from the tax reform package. That would stop the American dollars going overseas, in my opinion, and when they do go overseas, they would pay the same taxes to Uncle Sam as if they opened up in Youngstown or Warren, OH, and I think it is time we do that.

Second, as I have talked, and I have talked with you briefly but have not made it my major campaign, and there are a lot of people in this audience who are not with me on this and several newspapers are not with me on this. I didn't bring you here to put you on the spot but I am putting it right on the record. I have advanced and called for a study of a waterway that would connect the Beaver River north of Pittsburgh, be it a little bit over 100 miles, with Lake Erie, east of Cleveland.

We have a 25,000-mile inland avenuable water system where America has invested billions of dollars, but we cannot get out through the northern exit, and there is no more expeditious way to build it than right here.

Now, I am not saying it is going to bring back the steel mills and I am not saying it would be a great panacea, but I have asked for a study. I am asking you to review it and I am going to ask you to cosponsor the study and, officially, if you find favor, I want your committee as an adjunct to this field hearing in Warren, OH, to recommend to the Chairman, Jim Howard, a good friend, that they authorize that study so we could see the feasibility, the economic and the environmental impact of what occurred.

Second, my proposal today is that as a cosponsor of Mr. Hayes' bill—and it's a good bill—this administration, in my opinion now, will not support it. There will be many of our Democratic colleagues who will be too afraid to go to the President who probably won't support it, and we will have to continue to struggle.

I would like you to consider modifying a presentation of using Jobs and Income Action Now on a pilot basis in 3 separate States in conjunction with 3 specific public works type projects that gear toward jobs.

I am asking that number one on the Hit Parade be the No. 1 State and, naturally, the No. 1 region of unemployment, that being that Mahoning Valley coupled with the Shenango Valley of Pennsylvania, who has similar problems.

The second one would be the Detroit and Michigan area that has suffered from some tremendous problems, and the third being the State of Illinois. Now, if the committee, upon reviewing this recommendation, decides for 5 sites or 6 sites, I would appreciate and would support that concept because I believe if we could take Jobs and Income Action Now, direct it specifically to pilot areas without broadening over the whole spectrum of the country, then maybe we would have a better shot in advancing it.

Either way, Mr. Chairman, from standing here today, whether you break it down into a pilot project, whether you specifically endorse or support some of my recommendations is not a question. You have my support on H.R. 1398. I am willing to do whatever has to be done with that specific committee and, if necessary, to take some hostages.

So, with that, I am going to conclude my testimony by saying we have had a lot of hearings in this valley. Most of these hearings haven't done very much for us because in most of those hearings we didn't come forward with solid recommendations.

I am not here today just telling you about the problem. I am making specific recommendations that could help this valley and in economically depressed manufacturing areas like mine.

I am asking you to look carefully at the Foreign Subsidiary Tax Equity Act, consider its endorsement, push hard with a ways and means to help it for areas like mine.

Two, look at the Investment Tax Credit Accelerated Cost Recovery System to put it back in for American-made items only so we can recapitalize and get some reinvestment money for our industries and bring our technologies up, to take a look at the waterway proposal and endorse that study.

Finally, to look at the Jobs and Income Action Now bill as tailoring it specifically into pilot areas of economically depressed communities and starting with it there and letting it take root.

With that, Mr. Chairman, I conclude my testimony. I thank you for being here and putting up with me a little bit in Congress and certainly putting up with me here today.

If you have any questions, I will be glad to deal with those for you.

Mr. MARTINEZ. Thank you. Certainly you have given us a lot to think about. I don't have any particular questions for you. I would rather sit down with you at a later time and develop a strategy for accomplishing some of the things you have suggested here, because I have thought about them myself, especially regarding the exporting of jobs abroad.

What you say is very true. We have created tax incentives for companies to move jobs abroad and we obviously shouldn't be doing that. This is a time when we should be renegotiating our trade policies to make them fair.

The President talks about fair and free trade, but there is nothing fair and free about the international trade we are engaged in today. In fact, the last time a suggestion was made that there be an international trade conference to negotiate trade balances, one of our trading partners objected strenuously. Since then, however, they have come around to the idea, and many countries are realizing they are killing the goose that laid the golden egg, that golden egg being the one which was laid by the United States for the benefit of third-world countries, and the developing countries.

I think they are beginning to realize that the United States cannot endure the magnitude of trade deficits that we have now. We are coming to a time when we must face the problem squarely and take action. I think some of the things you have suggested are very good, and I would like to work with you on them.

I think that your foreign tax equity proposition is a good one, and we need to examine it closely. There might be a way that we can wrap it into this legislation, Charlie Hayes being willing, so that if the tax reform package doesn't include it maybe we'll include it here.

I like the ideas that you have presented, and I will work with you on them.

At this time, Charlie, do you have anything you would like to say?

Mr. **Hayes**. I just want to indicate I ditto what you have said, Mr. Chairman. My colleague certainly has——

Mr. **Traficant**. Mr. Hayes, your message is so strong the electronics can't cope with it.

Mr. **Hayes**. You have come forth with some suggested recommendations which certainly are innovative and deserve some real attention. I have no problem at all with the study of the waterway. You know, we made studies on everything except when we study about tendering $100 million to Nicaragua. We can work on that, you know. Other things we don't study, but I think this is the kind of thing to really get into that might help redevelop the whole area here, which would certainly be a shot in the arm to the economy, and you talk about the problems that have already been created as a result of no real attention to the overall situation here.

I certainly agree with your Tax Equity Act, as it has been said by the chairman here, and I would like to take a long, hard look at it and work with you on that.

Now, you mentioned 3 specific States that we might use as a pilot for 1398, and they are Illinois, Ohio, and Michigan. I have no problem with starting that. I would like to see it start somewhere. It is going to be an extremely difficult thing to get the leaders of our Government, particularly the head, the President of these United States, to focus his attention in the direction of doing something about coming up with programs for the unemployed which I think are required and not only be conditioned.

Certainly people in society have been completely written off, permanently unemployed, and nobody seems to care. I am glad to see all these people here in this room. I am glad to see all the people in this room, but the struggle is just beginning. It is going to be extremely difficult, extremely difficult, and you know it, Jim, to turn this administration around and get them to start looking in the direction of the plight of the unemployed.

I think what you suggested is certainly a good beginning, and 1398, while not a cure-all, I never claimed it would be, not any correspndence, but it's a beginning of what I think is the right direction to focus our attention on, what is the No. 1 problem in this country, and that is joblessness.

There are people out of work who want to work. They are not all lazy. They don't look to be fully dependent on the Government. They need help. They want to work and earn money and make a decent living themselves. That is what it's all about, and I think you have come up with some suggestions that could turn us and lead us in that direction.

Mr. MARTINEZ. Jim, I am going to ask you, if your time permits, if you would join us up here as a part of the panel.

Mr. TRAFICANT. Absolutely, Mr. Chairman.

Mr. MARTINEZ. While Jim is coming up, I would like to say that the minority side of this committee is represented here. Steve Gunderson, a minority member, could not be here, but he sent a representative, Mary Gardner, who is seated at the table on my right.

With that, we will start the first panel. I would like to introduce the first panel, and remind them that their written testimonies will be incorporated into the permanent record and we would ask them to summarize in oral presentations.

The first member of the panel is Mr. Donald Curry, labor market analyst, Ohio Bureau of Employment Services.

The second member is Robert Kennedy, president of Local 2243, United Steelworkers of America; Delores Smith, director, Warren Urban League; Edward Deitsch, president of Local 1375, United Steelworkers of America, and Dr. Roberta Steinbacher, Ph.D., administrator, Ohio Bureau of Employment Services.

We will start with Mr. Curry. Mr. Dietsch's place is taken by Mike Rubich.

I welcome you all here.

STATEMENT OF DONALD CURRY, LABOR MARKET ANALYST, OHIO BUREAU OF EMPLOYMENT SERVICES

Mr. CURRY. Mr. Chairman, gentlemen, I would like to welcome you to one of the oldest industrial areas in the country, the Youngstown-Warren area. Our history in steel dates back to 1803, the year Ohio became a State.

At present, the Mahoning Valley is gripped by the worst economic recession we have had since the Great Depression of the 1930's. Right now we have as many people looking for work as we did 50 years ago. In this area it simply hasn't gotten any better in two generations. If the middle class is the strength of America, that is what's being destroyed in this area.

If the average families maintain a middle-class standard of living, to be able to purchase the average home, for instance, you are talking about an income of $25,000 a year or better. That means jobs that pay $10, $11, $12 an hour.

As Mr. Traficant pointed out, those are precisely the jobs that we are losing in this area. Since 1973, the Youngstown-Warren area has lost 40,000 factory jobs alone. As of 1985, the average factory worker, if he worked full-time, made nearly $30,000 a year. A little simple arithmetic, this area is losing over $1 billion a year, every year, just because of those lost factory jobs.

That doesn't include expenditures by the companies, taxes, purchases those people would have made, the savings they would have invested that would have created more jobs, but we are losing $1 billion a year every year because of those jobs.

In a normal recession, if there is one, people would return to work eventually. Here, the steel industry has been decimated. It is not coming back. Those people's jobs are gone forever. The jobs we are getting are simply too few, and they simply do not make up the economic difference.

The average jobs that we are getting that we are putting people on are less than $5 an hour and it is less than 40 hours a week. To replace those 40,000 jobs alone, to get the company we had 10 to 15 years ago, we would have to gain over 130,000 jobs. It is not going to happen.

Part of the problem is compounded by the use or misuse of unemployment statistics, the Ohio Bureau of Employment Services. We are mandated to use the system set up by the Federal Government, the Bureau of Labor Statistics.

For example, 1982, which is the worst year they have on record for this area, we were No. 1 for about 3 or 4 months in the entire country. That year the unemployment rate was 19.7 percent; in 1985 it was down to 11.5 percent. Big change. We only have 50 more people working in 1985 than we did in 1982. Why the improvement? We lost over 20,000 workers in the labor force. Naturally, that made the unemployment rate come down.

In 1984, the Ohio Bureau of Employment Services contracted with Youngstown State University to determine the real unemployment rate in this area, simply because we didn't believe the figures we came up with using the Federal system.

At that time the official unemployment rate was 10 to 11 percent. As Mr. Martinez pointed out, counting those people who are discouraged workers, part-time down to full-time, and so on, the unemployment rate could be anywhere from 16 to 30 percent. Even now, the estimates are 15 to 30 percent for real unemployment.

For instance, Youngstown State estimates, as of December, for steelworkers alone in this area, their unemployment rate is over 35 percent. It is simply not getting any better.

As Mr. Traficant mentioned, we have many programs available for training, retraining, and upgrading. They are of no use unless there are actually jobs to put people in. But as long as we don't have the jobs, all we are going to do is lose people and their taxes and their jobs and their purchases to other areas that do have jobs.

This is important because in this area the automotive industry is basically the economic cornerstone now. It replaced steel, and they are facing many of the same problems that killed steel, a shrinking market, foreign competition, the need for huge capital outlays to modernize and a transition from a blue collar work force to more of a white collar technical force and a steel collar automotive force.

The problem is people have to recognize it. The solution is not easy, but people have to get involved, business, labor, the media, academics, and the public. Everyone has to get involved. This area is a very good example of a bad example how a good economic system can go back when you neglet it. This area, as Mr. Traficant mentioned, is one of the worst in the country. If you can't solve the problem here, we can't solve it in the rest of the country.

You have my testimony in full and, basically, this area is hurting and it is not getting any better.

[The prepared statement of Donald Curry follows:]

JOB
SERVICE
OF OHIO

OHIO BUREAU OF EMPLOYMENT SERVICES
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COLUMBUS, OHIO 43216

RICHARD F. CELESTE
Governor

DR ROBERTA STEINBACHER
Administrator

March 3, 1986

Summary of Testimony Before the

CONGRESSIONAL SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

- The Youngstown - Warren area is one of the oldest industrial centers in the entire country. Our history in iron & steel dates back to 1803.

- At present, the Mahoning Valley is gripped by one of the most severe economic recessions since the Great Depression of the 1930's.

- If the "middle class" is the strength of America, it's being badly damaged in this area. For the average familiy to maintain an average standard of living (example: afford the average new home), they need an income of about $ 25,000 a year. This means jobs that pay $ 10-12 an hour if there is only one wage-earner.

- It is these middle class jobs that we are losing: Since 1973, the Youngstown - Warren area has lost 40,000 factory jobs.

- The average factory worker locally earns about $ 30,000 a year now. Multiply those 40, 000 lost factory jobs by $ 30,000 and you get about $ 1.2 BILLION a year, every year, that we lose because of that. And this only considers the lost factory wages.

- Even the most optimistic projections show this area gaining only about 3-4,000 jobs a year. This is inadequate to replace the jobs already lost and to fill the needs of those newly entering the labor market.

- We are gaining some replacement jobs in non-manufacturing sectors but the gains are insufficient to make up the losses. Too many of these new jobs are part-time, minimum wage, or both. The average job we are getting now is not quite $ 5.00 an hour. This means that it takes more than three non-manufacturing jobs to equal the economics of one factory job. To replace those 40,000 lost factory jobs, we would need over 120,000 new jobs like we're actually gaining.

- Part of the problem is compounded by the use of unemployment statistics using the Federal Bureau of Labor Statistics model) which can be misleading and possibly even be wrong.

* In 1982, the unemplyment rate was 19.7% and 11.5% in 1985. Yet, we only have about 50 more people working in 1985 than in 1982. The real reason for the change is that we lost over 20,000 workers from the labor force in that period. Overall, we have lost about 22,500 workers since 1980.

* In 1984, OBES contracted with Youngstown State University to attempt to determine the real unemployment rate in the Mahoning Valley. Using the BLS methodology, but on a much greater scale, YSU determined that the real unemployment rate was over 16% and up to 20% plus, a rate that was 50-100% higher than the official 10.7% rate. Even now, estimates of the real rate range from 15-20%. For area steelworkers, for instance, YSU estimates unemployment is about 35.7% as of December 1985.

* The use of training and up-grading programs is only useful and meaningful if there actually have jobs to place workers in. Until that occurs, we will continue to have high unemployment and lose workers to other areas.

* This situation is vital since the automotive industry, which replaced steel as the cornerstone of our economy, faces many of the same problems which have severely damaged and weakened the steel industry:

1. A shrinking market.

2. Increased foreign competition.

3. High capital outlays needed to modernize plants.

4. The transition from a blue-collar labor force to more of a white-collar technician work force.

* Solutions to these problems are not simple and will require intense co-operation from everyone involved: government, business, labor, academia, and the public.

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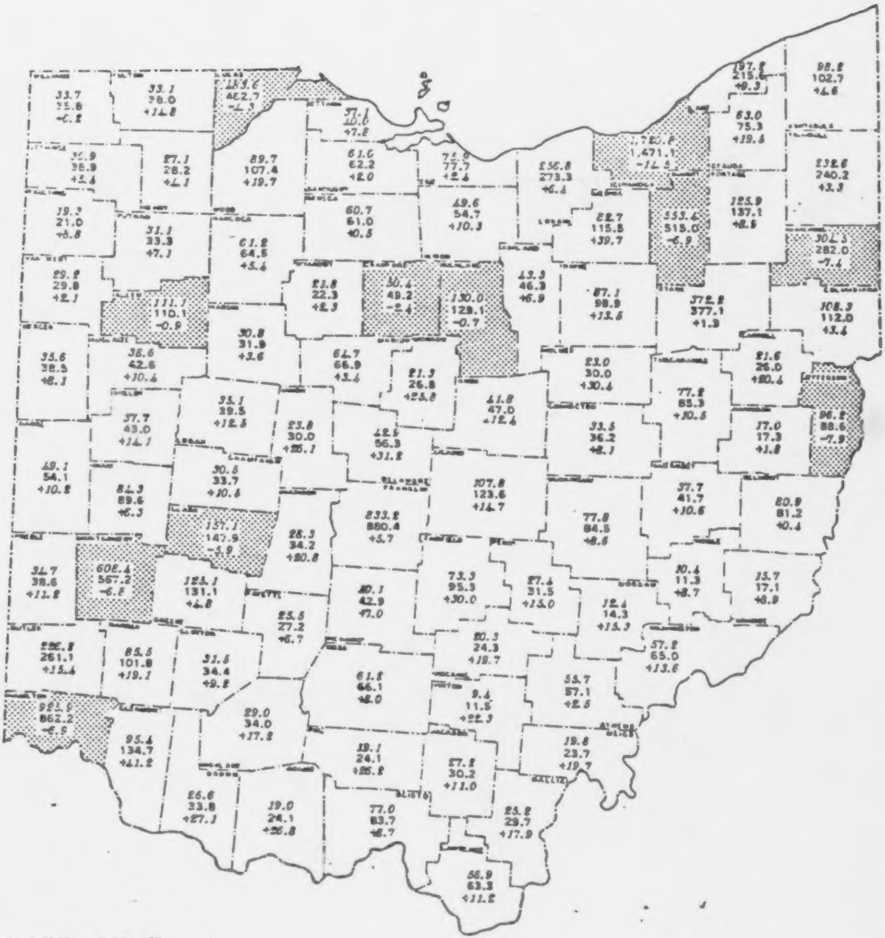
Analysis of YOUNGSTOWN - WARREN Area Labor Market

EXHIBITS & ADDENDA

TOTAL POPULATION OF OHIO COUNTIES
AND PERCENT CHANGE FROM APRIL 1970 TO JULY 1983

(POPULATION IN THOUSANDS OF PERSONS)



April 1970: 10,657,423
JULY 1983: 10,746,000
Percent Change: +0.8

▨ Counties losing population
☐ Counties gaining population

Source: Bureau of the Census, Local Population Estimates, October 1984 (provisional for July 1983).

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 4-3-85 No. E-704.1

YOUNGSTOWN-WARREN MSA[a]
CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND RATE OF UNEMPLOYMENT

Year and Month	Civilian Labor Force	Employment	Unemployment	Unemployment Rate[b]
1983 Average .	225,558	188,133	37,425	16.6
January	221,518	173,254	48,264	21.8
February	219,224	174,022	45,202	20.6
March	223,921	182,377	41,544	18.6
April	226,191	186,635	39,556	17.5
May	229,501	189,153	40,348	17.6
June	232,795	192,276	40,519	17.4
July	232,159	198,427	33,732	14.5
August	229,059	195,048	34,011	14.8
September	224,524	191,535	32,989	14.7
October	223,990	193,036	30,954	13.8
November	224,765	192,617	32,148	14.3
December	219,048	189,221	29,827	13.6
1984 Average .	218,091	191,922	26,169	12.0
January	215,504	187,271	28,233	13.1
February	212,146	185,904	26,242	12.4
March	213,324	185,094	28,230	13.2
April	214,181	188,414	25,767	12.0
May	217,966	192,177	25,789	11.8
June	219,088	195,389	23,699	10.8
July	223,616	201,110	22,506	10.1
August	223,015	195,120	27,895	12.5
September	219,420	194,627	24,793	11.3
October	221,518	194,419	27,099	12.2
November	220,108	192,344	27,764	12.6
December	217,213	191,197	26,016	12.0
Estimated 1985 Average .	216, 446	191,568	24,878	11.5%
January	214,583	188,443	26,140	12.2
February	212,268	187,175	25,093	11.8
March	214,782	188,392	26,390	12.3
April	215,385	191,009	24,376	11.3
May	212,106	191,691	20,415	9.6
June	215,165	191,824	23,341	10.8
July	218,081	193,431	24,650	11.3
August	219,388	191,753	27,635	12.6
September	217,578	193,207	24,371	11.2
October	219,771	194,432	25,339	11.5
November	219,224	193,470	25,754	11.7
December[p]	219,016	193,982	25,034	11.4

[a]Defined as Mahoning and Trumbull Counties. These data are estimates and should be rounded before use. Data are based on March 1984 benchmark and on place of residence. [b]Unemployment as percentage of civilian labor force. [p]Preliminary.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216

Year and Month	Civilian Labor Force	Employment	Unemployment	Unemployment Rate[b]
1979 Average .	237,085	219,946	17,139	7.2
January	234,967	216,649	18,318	7.8
February	233,550	215,969	17,581	7.5
March	234,264	218,114	16,150	6.9
April	232,783	218,059	14,724	6.3
May	233,796	219,489	14,307	6.1
June	236,834	220,381	16,453	6.9
July	238,515	220,750	17,765	7.4
August	247,093	220,605	26,488	10.7
September	239,360	221,453	17,907	7.5
October	238,364	222,870	15,494	6.5
November	236,773	222,570	14,203	6.0
December	238,721	222,441	16,280	6.8
1980 Average .	238,906	210,488	28,418	11.9
January	236,646	214,753	21,893	9.3
February	232,885	211,737	21,148	9.1
March	230,606	209,566	21,040	9.1
April	232,902	208,990	23,912	10.3
May	239,071	207,029	32,042	13.4
June	242,968	208,973	33,995	14.0
July	246,989	209,589	37,400	15.1
August	242,994	211,631	31,363	12.9
September	244,813	213,003	31,810	13.0
October	244,853	217,511	27,342	11.2
November	239,480	210,431	29,049	12.1
December	232,670	202,648	30,022	12.9
1981 Average .	233,962	205,713	28,249	12.1
January	234,850	198,551	36,299	15.5
February	231,974	196,843	35,131	15.1
March	232,759	204,671	28,088	12.1
April	230,272	208,760	21,512	9.3
May	236,161	214,650	21,511	9.1
June	235,378	212,659	22,719	9.7
July	238,901	212,976	25,925	10.9
August	235,486	207,524	27,962	11.9
September	232,416	205,949	26,467	11.4
October	231,581	205,678	25,903	11.2
November	235,841	205,858	29,983	12.7
December	231,919	194,437	37,482	16.2
1982 Average .	237,699	191,520	46,179	19.4
January	233,287	196,509	36,778	15.8
February	233,072	187,044	46,028	19.7
March	231,719	190,259	41,460	17.9
April	236,033	189,570	46,463	19.7
May	236,446	195,459	40,987	17.3
June	244,350	198,976	45,374	18.6
July	242,843	197,899	44,944	18.5
August	245,592	193,438	52,154	21.2
September	237,971	192,309	45,662	19.2
October	239,158	190,644	48,514	20.3
November	237,698	183,012	54,686	23.0
December	234,208	183,116	51,092	21.8

[a] Defined as Mahoning and Trumbull Counties. These data are estimates and should be rounded before use. Data are based on March 1982 benchmark and on place of residence.
[b] Unemployment as percentage of civilian labor force.

Division of Research and Statistics
Ohio Bureau of Employment Services
Columbus 43216 1—83

TRUMBULL COUNTY, [illegible]

EMPLOYMENT, PAYROLL, AND EARNINGS UNDER OHIO UNEMPLOYMENT COMPENSATION LAW SINCE 1982[a]

Year	Total, all Industries	Mining	Construction	Manufacturing	Transportation and Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	State and Local Government
	Average Covered Employment								
1982	79,819	507	1,480	33,856	2,616	18,075	2,129	12,200	8,759
1983	81,783	318	1,321	36,376	2,664	17,661	2,159	12,361	8,073
1984	85,716	373	1,619	38,430	2,835	18,224	2,348	13,099	8,476
1985									
1986									
1987									
1988									
1989									
1990									
1991									
	Total Covered Payroll (In Thousands of Dollars)								
1982	1,515,996	10,242	29,610	947,860	57,838	170,139	28,014	145,207	125,271
1983	1,696,390	6,509	25,988	1,107,628	64,537	170,435	29,826	156,359	132,527
1984	1,909,585	7,480	31,589	1,263,414	70,768	183,480	35,283	172,991	141,309
1985									
1986									
1987									
1988									
1989									
1990									
1991									
	Average Weekly Earnings								
1982	$365.25	$388.47	$384.75	$538.40	$425.18	$181.02	$253.04	$228.89	$275.04
1983	398.90	393.60	378.33	585.57	465.88	185.58	265.67	243.26	295.85
1984	428.42	385.63	375.22	632.23	480.04	193.62	288.97	253.97	320.61
1985									
1986									
1987									
1988									
1989									
1990									
1991									

[a] Sum of industrial divisions may not equal total for year due to exclusion of minor divisions and those with fewer than three employers.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216 RS 203-7[illegible]

TRUMBULL COUNTY, OHIO

EMPLOYMENT, PAYROLL, AND EARNINGS UNDER OHIO UNEMPLOYMENT COMPENSATION LAW SINCE 1972[a]

Year	Total, all Industries	Mining	Construction	Manufacturing	Transportation and Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	State and Local Government
	Average Covered Employment								
1972	81,771	...	1,789	51,314	3,315	14,730	1,601	8,409	475
1973	87,768	...	2,256	54,014	3,741	16,340	1,695	8,994	565
1974	93,147	57	2,029	52,108	3,943	16,963	1,835	9,376	6,731
1975	86,155	49	1,853	46,295	3,135	16,394	1,747	9,401	7,131
1976	87,716	78	1,858	46,762	3,441	16,949	1,748	9,757	6,970
1977	89,350	72	2,065	47,097	3,638	17,805	1,815	9,590	7,131
1978	95,184	190[b]	2,427	49,491	3,916	17,974	1,918	10,234	8,860
1979	98,031	140	2,345	50,172	3,942	18,892	2,069	11,296	8,951
1980	92,782	163	2,121	45,523	3,449	18,474	2,110	11,536	9,163
1981	92,232	416[b]	1,836	45,101	3,068	18,326	2,171	12,167	8,873
	Total Covered Payroll (In Thousands)								
1972	$ 774,485	$ ...	$20,640	$ 581,904	$35,421	$ 76,638	$11,708	$ 43,950	$ 3,513
1973	932,216	...	29,871	699,588	43,691	89,980	12,793	50,780	4,621
1974	1,005,102	737	25,527	700,088	46,633	102,530	14,617	58,795	55,732
1975	988,905	735	23,177	672,663	41,608	105,748	14,861	64,966	64,219
1976	1,113,906	1,080	24,995	761,630	50,948	116,126	15,775	73,607	68,726
1977	1,247,154	1,163	30,573	858,437	59,179	128,723	17,626	76,856	73,672
1978	1,447,019	2,633[b]	37,961	992,188	69,511	138,384	20,123	89,783	95,234
1979	1,602,961	1,504	41,914	1,095,274	73,355	155,552	23,023	107,417	103,353
1980	1,622,278	2,090	39,068	1,090,218	67,439	162,306	25,386	119,183	114,552
1981	1,772,841	- 8,284[b]	37,289	1,205,617	66,568	170,252	26,906	135,781	119,780
	Average Weekly Earnings								
1972	$182.14	$ ...	$221.87	$218.08	$205.48	$100.06	$140.64	$100.51	$142.24
1973	204.26	...	254.63	249.08	224.60	105.90	145.15	108.58	157.28
1974	207.51	246.82	241.94	258.37	227.44	116.24	153.18	120.59	159.23
1975	220.73	288.28	240.53	279.42	255.23	124.05	163.58	132.90	173.18
1976	244.21	266.29	258.70	313.22	284.73	131.76	173.55	145.08	189.62
1977	268.42	310.57	284.72	350.52	312.83	139.03	186.75	154.12	198.68
1978	292.35	266.47	300.79	385.54	341.36	148.06	201.76	168.71	206.71
1979	314.45	206.60	343.73	419.82	357.86	158.34	214.00	182.87	222.05
1980	336.25	246.55	354.22	460.55	376.02	168.95	231.37	198.68	240.42
1981	369.65	382.95	390.57	514.07	417.26	178.66	238.33	214.61	259.60

[a] Sum of industrial divisions may not equal total for year due to exclusion of minor divisions and those with fewer than three employers. Blanks indicate no employers or fewer than three. [b] New employer or expansion.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216 RS 203-78

MAHONING COUNTY, OHIO

EMPLOYMENT, PAYROLL, AND EARNINGS UNDER OHIO UNEMPLOYMENT COMPENSATION LAW SINCE 1972[a]

Year	Total, all Industries	Mining	Construction	Manufacturing	Transportation and Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	State and Local Government
	Average Covered Employment								
1972	93,443	260	5,343	36,572	4,519	24,806	4,212	15,484	2,054
1973	96,985	273	5,510	38,742	4,348	25,223	4,318	16,402	2,007
1974	106,148	270	5,405	39,648	4,560	25,266	4,410	16,979	9,432
1975	100,100	203	4,634	34,466	4,091	25,339	4,423	17,358	9,462
1976	101,058	200	4,776	33,803	3,825	26,314	4,554	17,741	9,696
1977	103,328	245	5,291	33,941	3,676	26,420	4,780	18,895	9,699
1978	106,665	309	5,253	29,902[b]	3,968	27,499	4,754	21,757	12,875
1979	105,952	292	4,704	29,578	4,203	27,823	4,750	21,885	12,278
1980	100,746	277	4,714	25,221	4,295	26,554	4,820	22,157	12,322
1981	97,315	415	4,471	23,025	4,527	25,745	4,751	22,648	11,311
	Total Covered Payroll (In Thousands)								
1972	$ 759,033	$2,503	$64,263	$366,213	$45,756	$142,359	$30,914	$ 88,625	$ 17,455
1973	858,661	2,966	71,046	430,487	48,637	152,683	31,931	101,362	16,649
1974	1,032,190	3,384	75,372	493,032	52,736	167,356	33,869	115,941	89,275
1975	1,015,129	3,042	67,145	455,282	49,628	183,447	36,620	128,878	90,130
1976	1,109,271	3,053	70,173	488,777	53,310	201,736	39,984	147,347	103,620
1977	1,220,983	3,992	81,697	536,423	58,394	216,901	45,366	165,994	110,621
1978	1,313,345	5,207	92,366	521,335[b]	64,331	241,669	47,903	197,545	140,033
1979	1,414,743	5,479	88,852	564,047	72,593	258,461	50,665	223,216	147,672
1980	1,424,258	5,752	94,597	520,048	78,943	257,954	54,655	246,623	161,778
1981	1,469,599	9,257	94,690	513,668	87,724	267,632	57,440	273,660	161,201
	Average Weekly Earnings								
1972	$156.21	$185.13	$231.30	$192.57	$194.72	$110.36	$141.15	$110.07	$163.45
1973	170.26	206.90	247.96	213.69	215.12	116.41	142.21	118.84	176.70
1974	187.00	241.04	268.17	239.14	222.40	127.38	147.69	131.32	182.02
1975	195.02	288.13	278.65	254.03	233.29	139.22	159.22	142.78	185.18
1976	211.09	293.54	282.55	276.07	268.02	147.43	168.85	159.72	205.52
1977	227.24	313.38	296.94	303.93	285.72	157.88	182.51	168.94	219.33
1978	236.78	324.07	338.14	335.28	311.78	169.01	193.78	174.61	209.16
1979	256.78	360.86	363.24	366.73	332.15	178.64	205.12	196.14	231.30
1980	271.87	399.31	385.91	396.53	353.46	186.81	218.06	214.05	252.49
1981	290.41	428.95	407.28	429.02	372.65	199.91	232.50	232.37	274.07

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[a] Sum of industrial divisions may not equal total for year due to exclusion of minor divisions and those with fewer than three employers. [b] Outmigration, liquidation, or shrinkage.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216 R. 2[illegible]-[illegible]

MAHONING COUNTY, OHIO
EMPLOYMENT, PAYROLL, AND EARNINGS UNDER OHIO UNEMPLOYMENT COMPENSATION LAW SINCE 1972[a]

Year	Total, all Industries	Mining	Construction	Manufacturing	Transportation and Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	State and Local Government
	Average Covered Employment								
1982	91,834	399	3,876	18,898	4,121	25,370	4,781	22,588	11,369
1983	87,611	329	3,519	16,429	3,743	24,222	4,874	22,762	11,291
1984	90,517	320	3,921	16,668	3,856	25,341	4,709	24,049	11,169
1985									
1986									
1987									
1988									
1989									
1990									
1991									
	Total Covered Payroll (In Thousands of Dollars)								
1982	1,419,219	9,585	86,137	425,935	85,700	268,598	60,797	303,074	174,501
1983	1,369,802	8,762	77,293	358,332	82,756	265,814	66,113	321,139	184,437
1984	1,466,785	8,616	89,487	376,637	87,364	286,382	67,694	351,137	193,713
1985									
1986									
1987									
1988									
1989									
1990									
1991									
	Average Weekly Earnings								
1982	$297.20	$461.97	$427.37	$433.44	$399.92	$203.60	$244.55	$258.03	$295.17
1983	300.67	512.15	422.39	419.44	425.18	211.04	260.86	271.32	314.13
1984	311.63	517.80	438.90	434.55	435.70	217.33	276.45	280.79	333.53
1985									
1986									
1987									
1988									
1989									
1990									
1991									

[a] Sum of industrial divisions may not equal total for year due to exclusion of minor divisions and those with fewer than three employers.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216 RS 203-50

UNEMPLOYMENT AMONG FORMER STEELWORKERS IN THE YOUNGSTOWN/WARREN SMSA

George Garchar
Center for Urban Studies
Youngstown State University[1]

According to the Ohio Bureau of Employment Services, some 20,700 jobs in the primary metals industry in the Youngstown/Warren area have been lost since 1976. Of those jobs lost, 19,400 were eliminated in blast furnace and steel operations. The Center for Urban Studies[2], using data from a regional study of steelworker layoffs at Youngstown Sheet and Tube and a national study conducted by the U.S. Bureau of Labor Statistics, estimated that as many as 5,200 former steelworkers are now (December 1985) unemployed. The estimated unemployment rate among steelworkers in the Youngstown/Warren area is 35.7 percent, a figure more than double the unemployment rate for the workforce generally.

---

[1] 410 Wick Avenue, Youngstown, Ohio 44555 Telephone: (216) 742-3355

[2] Buss, Terry F. and F. Stevens Redburn, "Reemployment After a Shutdown: The Youngstown Steel Mill Closing, 1977 to 1985." (mimeo)

APPENDIX:

How the Estimates Were Derived

One way to estimate the number of steelworkers who lost their jobs during a given time period is to look at total employment in that sector at the beginning and end of the chosen time period, and to calculate the difference. This method provides a "net loss" figure rather than gross loss. In other words, if one mill closed, causing 1,000 workers to lose their job but another mill expanded and hired 1,000 additional workers (not necessarily those same workers who lost their jobs), the net loss would be zero.

The above method is preferred over a simple tally of lost jobs from individual employers (plants and mills) because the latter does not preclude the double counting of lost jobs which would occur if the same individuals lost jobs at more than one mill during the time period being analyzed.

As shown in Table 1, approximately 41,000 people in the Youngstown-Warren Metropolitan Area were employed in primary metals industries in 1976. Of these, approximately 26,000 worked in blast furnace and basic steel industries. By September 1985, these numbers had dropped to 20,300 and 6,600, respectively. Thus, between 1976 and September 1985, there was a net loss of approximately 20,700 jobs in primary metals industries in the Youngstown-Warren Metropolitan Area, 19,400 of which were in blast furnace and steel operations.

According to a recent study of former Youngstown Sheet and Tube workers, 32.4 percent of the workers who had lost their jobs were currently (re)employed, 34.3 percent were retired, 14.4 percent were unemployed,[3] 13.4 percent left the area, and 4.6 percent were deceased.[4] Using the above percentages, it is estimated that of the 19,400 individuals who lost jobs in basic steel, approximately 6,286 are reemployed, 6,654 retired, 2,794 are unemployed, 2,600 left the area, and 892 are deceased.

Because the results of the Sheet and Tube study reflects the status of individuals eight years after they originally lost their jobs, the study may not be representative of the typical situation during the shorter term following plant shutdowns.

Other studies, based on data obtained from individuals who had lost their primary metal industry job anytime within the last five years show lower percentages of retired and higher percentages of unemployed.[5] Based on these studies (one for Youngstown-Warren, one for the Nation) the percentage of those who are still unemployed is between approximately 35.7 and 38.7. Applying this upper range to the total number of lost jobs since

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[3] It is important to note that the 14.4 percent unemployed listed above is not the equivalent of 14.4 percent unemployment rate because unemployment rate calculations exclude people, such as retirees, not considered to be in the active labor force. Based on the data presented above, the unemployment rate among former Sheet and Tube laborers would actually be near 30 percent.

[4] See Buss, Redburn.

[5] Ibid.

1980 (within the last five years) and the percentage derived from the Sheet and Tube Study to the number of jobs lost prior to 1980, the number of former steelworkers who are currently unemployed is estimated to be approximately 5,220.

It should also be noted that over one-half (53.8%) of the former Sheet and Tube workers who are currently unemployed had failed to find any job following the shutdown and that many of those now employed have suffered through periods of unemployment since their original termination.[6]

Table 1

Youngstown-Warren Metropolitan Area Employment in Primary Metals (in thousands) 1976-1985*

	1976	1977	1978	1979	1980	1981	1982	1983	1984	(Sept) 1985
Primary Metals	41.0	40.6	36.3	35.7	30.5	29.5	23.2	22.3	22.8	20.3
Blast Furnace and Basic Steel	26.0	25.4	21.5	20.9	16.6	15.2	11.2	9.0	8.9	6.6

* All years, except 1985, are annual averages.

Source: Ohio Bureau of Employment Services, Labor Market Information Division.

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[6] Ibid.

'GSTOWN STATE UNIVERSITY
er for Urban Studies
3355

INTER-OFFICE CORRESPONDENCE

TO Bill Cossler

DATE 10/14/85

FROM George Garchar

RECEIVED
OCT 1 0 1985
CUSHWA CENTER FOR
INDUSTRIAL DEVELOPMENT

SUBJECT Unemployment Rates

In response to the question you have raised concerning local unemployment levels, I would like to share the following information with you.

In June of 1984, the Center for Urban Studies undertook a survey of nearly 4000 adults in the Youngstown-Warren SMSA in order to determine the "true" local unemployment rate. The same methodology used to determine the national unemployment rate was used for the local survey (normally, local unemployment rates are estimated using a technique known as the "handbook method"). Using the same definition of unemployment which is used in official federal statistics, our results showed an unemployment rate of 16.5 percent for June of 1984; this figure was nearly 6 percentage points higher than the official rate of 10.7 percent for that same month. If individuals who wished to work but had given up looking for work were included, the rate would have been 21.3 percent. This still does not take into account people who were forced to retire early or who wished to work full-time but could only find part-time work.

Based on the results of this survey, I believe it is safe to assume that the local unemployment problem continues to be more serious than the official rates indicate.

GRG/cch

INTER-OFFICE COMMUNICATION

TO: Mr. Roger Fleming - Labor Market Information Division DATE: August 11, 1985

FROM: D. E. Curry, Labor Market Analyst - District III 00900

SUBJECT: Summary of testimony: David J. Cantor, PhD. - Library of Congress
"NEW TECHNOLOGY AND THE FUTURE OF STEEL" (Congressional Hearings, 7-22-85)

Fundamental problem of U.S. steel industry is adjustment to changes in the market.

Major question areas:
1. Adequacy of past efforts to adjust and modernize
2. Ability to make future investments in modernization

Minimal goal: SURVIVAL

* * * * * * * * *

I. Post World War II to 1960's

- A. Steel industry overbuilt capacity
- B. Government policy as factor in overbuilding
- C. Transition from obsolete Bessemer furnaces to open-hearth furnaces
- D. Growth in steelmaking capacity:
  1950 - 105 million tons
  1960 - 136 million tons

II. The 1970's

- A. Increase in steelmaking capacity to 180 million tons:
  - 1) Domestic steel demand increased
  - 2) "Mini-mills" enter market
  - 3) Continued modernization through
    - a) Transition from open hearth furnaces to basic oxygen furnace process (BOF)
    - b) Closed down 20 million tons of inefficient open hearth furnace capacity
- B. Additional pilot projects for modernization
  - 1) Continuous casting
  - 2) Direct reduction of iron ore (DRI)
- C. "Administered Pricing" System
  - 1) Price determined by seller's market
  - 2) Price determined by costs plus percentage of mark-up
  - 3) Labor costs allowed to rise
  - 4) Cost of production was dominant factor
  - 5) Demand was monor factor in price determination
  - 6) Unable to be price competitive when market changes

III. The Steel Market Today

- A. Steel market is stagnant
  - 1) Demand is steady at about 100 million tons a year
  - 2) Steel demand has not responded to economic increases.
- B. Successful penetration by "mini-mills" eroded demand from larger traditional mills

(Continued)

III. The Steel Market Today

- C. Mini-mills are successful because they:
    - 1) Are smaller, less costly to build and operate
    - 2) Specialize
    - 3) Can be located closer to markets
    - 4) Often employ non-union labor, with lower wage costs
    - 5) Often benefit from local government assistance and subsidy

- D. Foreign Competition
    - 1) In 1984, feoreign steel held 25% of total U.S. market
    - 2) Foreign capital builds plants for overseas export of steel
    - 3) Foreign plants often utilize state-of-the-art technology
    - 4) Overseas labor costs are usually lower than in U.S.

- E. Competition from "Steel Substitutes"
    - 1) Less steel utilized (e.g., smaller cars)
    - 2) Different materials, such as plastic and aluminum, used instead

IV. Response of Steel Industry

- A. Modernization
    - 1) Eliminate obsolete capacity
    - 2) Adopt available state-of-the-art technology
    - 3) Research and development for new, better technology

- B. Cut Costs
    - 1) Price competitiveness
    - 2) Improve marketing
    - 3) Reduce labor costs

V. Adequacy of Efforts

- A. From 1979-1983, invested $11.5 billion while cash flow was $7.9 billion
- B. Recent average annual investment is $2.4 billion. Recommended annual investment is at least $5 billion per year.
- C. Problem of raising necessary capital
    - 1) High interest rates
    - 2) Debt service reduces money available for working capital
    - 3) Debt adds to cost of steel
- D. Options
    - 1) Joint efforts with foreign firms or investors
    - 2) Finance modernization through lease - purchase agreements
    - 3) Government funding (direct or indirect)

VI. Effects of Modernization on Employment

- A. Modernization not likely to increase emploment until demand grows
- B. Modernization likely to further reduce basic steel employment
- C. Employment may stay level but modernization will cause change from an unskilled/semi-skilled workforce to one with highly skilled and educated workers (needed to operate high technology equipment)

Review of the Economic Performance of the Youngstown-Warren SMSA for[*] 1985 and Forecast for 1986

By

Yih-Wu Liu, Ph.D.
Anthony H. Stocks, Ph.D.

[*] We thank the Ohio Bureau of Employment Services for providing data for this forecasting project and Mr. Robert Vazzo for assistance in updating the data bank of the Youngstown-Warren Model.

January, 1986

With the notable exception of the transportation equipment sector in the fourth quarter of 1985, manufacturing activity in the Youngstown-Warren labor market has shown no improvement over its performance in 1984. Market demand for most steel mill products continued to be weak and this contributed to a decline in employment in the primary metal sector. Similarly, fabricated metals and machinery sectors reveal a lackluster performance in 1985. A somewhat brighter picture is found in the nonmanufacturing sectors, especially construction, wholesale and retail trade. Construction benefited from the mixed blessings of lower interest rates and a tornado that produced intensive property damage and thus the need to rebuild areas within the local economy. Wholesale trade continues to grow in response to expansion of the national economy and proximity to regional markets, while retail trade also benefited from lower interest rates and increased availability of credit in the consumer durable goods markets. However, the growth of jobs in these nonmanufacturing sectors was not sufficient to lower significantly the local unemployment rates which continued at double-digit levels in 1985.

What can be expected in 1986? The world-wide excess capacity in steel production seems destined to depress further jobs in the local primary metals sector. Further, the expected 3% to 3 1/2% growth in the national economy in 1986 will do little to stimulate employment in other local manufacturing sectors. Thus, we anticipate a stagnant job market in manufacturing. On the other hand, nonmanufacturing employment should continue to show modest growth which would boost total local employment by one to two thousand by the end of the Fourth Quarter of 1986. This job outlook, coupled with continued outmigration, could reduce the metropolitan area unemployment rate below double digit figures by the end of 1986.

EXHIBIT A
COMPARISONS OF FORECAST AND ACTUAL NONAGRICULTURAL EMPLOYMENT
BY SECTOR IN THOUSANDS -- YOUNGSTOWN-WARREN SMSA
1985-1 to 1985-4

SECTORS	1985-1		1985-2		1985-3		1985-4	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Revised Forecast*
Durable Goods								
Stone, Clay & Glass	1.3	1.7	1.4	1.7	1.4	1.8*	1.3	1.7
Primary Metals	21.5	21.5	21.9	20.9	22.0	20.2	21.8	20.3
Fabricated Metals	8.4	8.1	8.3	8.3	8.3	8.1	8.4	8.1
Nonelectrical Machinery	3.7	3.8	3.8	4.0	3.8	3.8	3.9	3.5
Electric Machinery	2.8	2.8	2.8	2.5	2.9	2.5	2.8	2.5
Transportation Equipment	8.9	8.7	8.8	8.9	8.9	8.4	8.9	9.8
Subtotal	46.6	46.6	47.0	46.3	47.3	44.8	47.1	45.9
Nondurable Goods	5.2	5.3	5.3	5.3	5.3	5.5	5.3	5.7
Total Manufacturing	51.8	51.9	52.3	51.6	52.6	50.3	52.4	51.6
Nonmanufacturing								
Construction	4.3	4.8	5.1	5.9	5.4	6.8	5.1	6.4
Transp. & Pub. Utilities	7.3	7.5	7.4	7.6	7.4	7.5	7.3	7.7
Wholesale Trade	7.9	8.5	7.9	8.8	8.0	9.2	8.0	9.3
Retail Trade	32.4	34.8	33.6	36.2	34.0	37.1	34.3	37.5
Finance, Ins. & Real Estate	7.4	7.2	7.5	7.4	7.6	7.5	7.5	7.6
Services	40.1	39.6	41.2	41.3	42.0	41.7	41.5	41.1
Government	24.5	23.7	24.6	23.2	23.0	21.4	25.3	23.9
Subtotal	123.9	126.1	127.3	130.4	127.4	131.2	129.0	133.5
Total Employment	175.7	178.0	179.6	182.0	180.0	181.5	181.4	185.1

*Revised Forecast

EXHIBIT A-1
FORECAST NONAGRICULTURAL EMPLOYMENT BY SECTOR IN THOUSANDS
1986-1 to 1986-4

SECTORS	1986-1	1986-2	1986-3	1986-4
Stone, Clay and Glass	1.7	1.7	1.8	1.7
Primary Metals	19.8	19.7	19.6	20.1
Fabricated Metals	8.1	8.1	8.1	8.1
Nonelectrical Machinery	3.5	3.6	3.5	3.5
Electrical Machinery	2.4	2.5	2.5	2.4
Transportation Equipment	9.9	10.4	10.1	10.3
Subtotals	45.4	46.0	45.6	46.1
Nondurable Goods	5.6	5.7	5.8	5.7
Total Manufacturing	51.0	51.7	51.4	51.8
Nonmanufacturing				
Construction	5.0	6.1	6.9	6.2
Trans. & Public Utilities	7.5	7.6	7.7	7.7
Wholesale Trade	9.1	9.3	9.4	9.5
Retail Trade	35.0	36.5	37.0	37.4
Finance, Ins. & Real Estate	7.5	7.6	7.7	7.7
Services	40.7	42.4	43.1	42.2
Government	23.8	23.8	21.5	24.1
Subtotal	128.6	133.3	133.3	134.8
SMSA Employment	179.6	185.0	184.7	186.6

EXHIBIT B
COMPARISON OF FORECAST AND ACTUAL AVERAGE WEEKLY WAGES(1)
BY SECTOR OF EMPLOYMENT
YOUNGSTOWN-WARREN SMSA
1985-1 to 1985-4

SECTORS	1985-1		1985-2		1985-3		1985-4	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Revised Forecast#
Durable Goods								
Stone, Clay and Glass	$368	$392	$386	$394#	$377	$382#	$384	$396
Primary Metals	560	590	581	588	590	570	568	565
Fabricated Metals	490	592	521	598	531	560	549	570
Nonelectric Machinery	435	474	445	468	446	462	444	465
Electric Machinery	422	416	422	410	431	390	440	392
Transportation Equipment	695	730	665	730	705	738	690	885
Weighted Average	$551	$595	$564	$596	$578	$581	$575	$640
Nondurable Goods	$355	$355	$364	$363	$371	$355	$368	$374
Manufacturing Average	$533	$573	$547	$574	$560	$558	$557	$613
Nonmanufacturing								
Construction	$567	$595#	$582	$618#	$623	$631#	$610	$601
Transp. & Pub. Utilities	453	448	460	472	466	481#	470	490
Wholesale Trade	343	313	347	308	353	309	357	320
Retail Trade	165	161	171	165	172	167	171	165
Finance, Ins., and Real Estate	303	292	308	285	310	282#	316	280
Services	274	266	278	272	284	261	288	267
Government	340	327	344	359#	356	362#	360	366
Weighted Average	$312	$287#	$315	$299#	$320	$299#	$321	$300
SMSA Average	$415	$385#	$423	$389#	$427	$381#	$426	$406

#Revised Forecast

(1) Figures rounded to nearest dollar

EXHIBIT B-1
FORECAST AVERAGE WEEKLY WAGES(1) BY
SECTOR OF EMPLOYMENT
YOUNGSTOWN-WARREN SMSA
1986-1 to 1986-4

SECTORS

Durable Goods	1986-1	1986-2	1986-3	1986-4
Stone, Clay and Glass	$421	$419	$409	$414
Primary Metals	565	583	560	550
Fabricated Metals	598	615	610	601
Nonelectric Machinery	497	491	487	506
Electric Machinery	428	430	438	445
Trans. Equipment	792	825	847	850
Weighted Average	$609	$630	$623	$621
Nondurable Goods	$361	$368	$365	$374
Manufacturing Average	$584	$602	$595	$596
Nonmanufacturing				
Construction	$608	$620	$647	$616
Transp. and Pub. Utilities	502	512	516	522
Wholesale Trade	322	325	328	333
Retail Trade	162	165	168	166
Finance, Ins. and Real Estate	296	291	289	297
Services	274	276	269	278
Government	379	388	393	397
Weighted Averages	$307	$311	$313	$314
SMSA Average	$401	$407	$403	$405

(1) All figures rounded to nearest dollar

EXHIBIT C
COMPARISON OF FORECAST AND ACTUAL NONAGRICULTURAL MANHOURS OF WORK BY SECTOR IN THOUSANDS
YOUNGSTOWN-WARREN SMSA
1985-1 to 1985-4

SECTORS	1985-1		1985-2		1985-3		1985-4	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Revised Forecast
Durable Goods								
Stone, Clay and Glass	634	912	692	897	710	971	659	928
Primary Metals	11,320	11,683	11,673	11,276	11,726	10,688	11,336	11,691
Fabricated Metals	4,423	4,559	4,424	4,672	4,424	4,380	4,586	4,475
Nonelectric Machinery	1,876	2,045	1,976	2,127	2,001	2,006	2,079	1,920
Electric Machinery	1,525	1,434	1,547	1,287	1,527	1,229	1,492	1,313
Transportation Equipment	6,132	5,644	5,892	5,773	5,959	5,449	5,762	7,300
Subtotal	25,910	26,278	26,204	26,032	26,347	24,723	25,914	27,627
Nondurable Goods	2,765	2,701	2,825	2,725	2,790	2,783	2,818	3,038
Total Manufacturing	28,675	28,979	29,029	28,757	29,137	27,506	28,732	30,665
Manufacturing								
Construction	1,957	2,309	2,453	2,915	2,668	3,492	2,387	2,954
Transp. and Pub. Utilities	3,796	3,949	3,944	4,071	3,944	4,046	3,843	4,134
Wholesale Trade	3,697	4,188	3,749	4,256	3,744	4,473	3,848	4,510
Retail Trade	12,215	12,848	12,886	13,836	13,039	14,276	13,154	14,235
Finance Ins. and Real Estate	3,559	3,463	3,803	3,752	3,853	3,803	3,656	3,754
Services	16,682	16,731	17,675	18,255	18,564	18,431	18,235	18,327
Government	12,740	12,324	12,792	12,064	11,960	11,128	13,156	12,428
Subtotal	54,646	55,812	57,302	59,147	57,772	59,649	58,279	60,341
SMSA	83,321	84,791	86,331	87,904	86,909	87,155	87,011	91,007

EXHIBIT C-1
FORECAST NONAGRICULTURAL MANHOURS OF WORK BY SECTOR
IN THOUSANDS
1986-1 to 1986-4

SECTORS

Durable Goods	1986-1	1986-2	1986-3	1986-4
Stone, Clay and Glass	924	919	980	926
Primary Metals	11,300	11,064	10,600	11,184
Fabricated Metals	4,465	4,433	4,391	4,423
Nonelectric Machinery	1,902	1,966	1,906	1,916
Electric Machinery	1,277	1,336	1,300	1,257
Transportation Equipment	6,358	6,733	6,394	6,628
Subtotal	26,221	26,450	25,572	26,333
Nondurable Goods	2,992	3,075	3,114	3,038
Total Manufacturing	29,213	29,525	28,686	29,371
Nonmanufacturing				
Construction	2,379	2,974	3,561	2,885
Transp. & Pub. Utilities	3,988	4,100	4,164	4,164
Wholesale Trade	4,377	4,449	4,692	4,705
Retail Trade	12,831	13,855	14,190	14,197
Finance, Ins. and Real Estate	3,627	3,863	3,914	3,854
Services	17,143	18,906	19,106	18,927
Government	12,376	12,376	11,180	12,532
Subtotal	56,721	60,524	60,807	61,265
SMSA Total	85,934	90,049	89,493	90,636

EXHIBIT D
COMPARISON OF FORECAST AND ACTUAL NONAGRICULTURAL WAGE BILL BY SECTOR IN THOUSANDS OF DOLLARS
YOUNGSTOWN-WARREN SMSA
1985-1 to 1985-4

SECTORS	1985-1		1985-2		1985-3		1985-4	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Revised Forecast
Durable Goods								
Stone, Clay and Glass	$ 6,219	$ 8,907	$ 7,025	$ 8,906	$ 6,861	$ 9,524	$ 6,490	$ 9,105
Primary Metals	156,520	164,776	165,411	159,629	168,740	149,527	160,971	152,006
Fabricated Metals	53,508	62,358	56,216	64,475	57,295	58,896	59,951	61,601
Nonelectrical Machinery	20,924	23,423	21,983	25,261	22,032	22,380	22,511	21,262
Electrical Machinery	15,361	15,154	15,365	13,335	16,249	12,512	16,016	13,488
Transportation Equipment	80,412	82,606	76,076	84,501	81,570	80,611	79,833	112,749
Subtotal	$332,944	$357,223	$342,076	$355,198	$352,747	$333,914	$345,772	$371,198
Nondurable Goods	$ 23,998	$ 24,437	$ 25,080	$ 25,148	$ 25,562	$ 25,407	$ 25,355	$ 27,639
Total Manufacturing	$356,942	$381,660	$367,156	$380,346	$378,309	$359,321	$371,127	$398,837
Nonmanufacturing								
Construction	$ 31,695	$ 37,128	$ 38,587	$ 47,401	$ 43,735	$ 55,780	$ 40,443	$ 50,003
Transp. & Pub. Utilities	42,290	43,707	44,252	46,642	44,829	46,898	44,603	49,049
Wholesale Trade	35,226	34,581	35,637	35,199	36,712	36,916	37,128	38,688
Retail Trade	69,498	72,213	74,693	77,611	76,024	80,467	76,250	80,194
Finance, Ins. & Real Estate	29,149	27,314	30,030	27,428	30,628	27,495	30,810	28,553
Services	142,836	137,107	145,897	146,139	155,064	141,488	155,376	142,658
Government	108,290	100,952	110,011	108,169	106,444	100,708	118,404	113,716
Subtotal	$459,684	$453,467	$482,107	$488,587	$493,436	$489,752	$503,014	$502,861
SMSA Total	$816,626	$835,127	$849,263	$868,933	$871,745	$849,073	$874,141	$901,699

EXHIBIT D-1
FORECAST NONAGRICULTURAL WAGE BILL BY SECTOR
IN THOUSANDS OF DOLLARS
YOUNGSTOWN-WARREN SMSA
1986-1 to 1986-4

SECTORS

Durable Goods	1986-1	1986-2	1986-3	1986-4
Stone, Clay and Glass	$ 9,304	$ 9,260	$ 9,571	$ 9,149
Primary Metals	145,431	149,306	142,688	143,715
Fabricated Metals	62,969	64,760	64,233	63,285
Nonelectrical Machinery	22,614	22,979	22,159	23,023
Electrical Machinery	13,354	13,975	14,235	13,884
Transportation Equipment	$101,930	$111,540	$111,211	$113,815
Subtotal	$355,602	$371,819	$364,096	$366,872
Nondurable Goods	$ 26,281	$ 27,269	$ 27,521	$ 27,713
Total Manufacturing	$381,882	$399,088	$391,617	$394,585
Nonmanufacturing				
Construction	$ 39,520	$ 49,166	$ 58,036	$ 49,650
Transp. & Pub. Utilities	48,945	50,586	51,652	52,252
Wholesale Trade	38,093	39,293	40,082	41,126
Retail Trade	73,710	78,293	80,808	80,709
Finance, Ins. & Real Estate	28,860	28,751	28,929	29,730
Services	144,973	152,131	150,721	152,511
Government	117,263	120,047	109,843	124,380
Subtotal	$491,363	$518,266	$520,070	$530,357
SMSA Total	$873,246	$917,354	$911,687	$924,942

EXHIBIT E

SUMMARY OF FORECAST AND ACTUAL NONAGRICULTURAL EMPLOYMENT, WEEKLY WAGES, MANHOURS AND WAGE BILL FOR THE YOUNGSTOWN-WARREN SMSA

1985-1 to 1985-4

	1985-1		1985-2		1985-3		1985-4	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Revised Forecast
Employment								
Manufacturing	51,800	51,900	52,300	51,600	52,600	50,300	52,400	51,600
Nonmanufacturing	123,900	126,100	127,300	130,400	127,400	131,200	129,000	133,500
SMSA Total	175,700	178,000	179,600	182,000	180,000	181,500	181,400	185,100
Weekly Wages								
Manufacturing	$533	$573	$547	$574	$560	$558	$557	$613
Nonmanufacturing	312	287	315	299	320	299	321	300
SMSA Average	$415	$385	$423	$389	$427	$381	$426	$406
Manhours Worked (000's)								
Manufacturing	28,675	28,979	29,029	28,757	29,137	27,506	28,732	30,665
Nonmanufacturing	54,646	55,812	57,302	59,147	57,772	59,649	58,279	60,341
SMSA Total	83,321	84,791	86,331	87,904	86,909	87,155	87,011	91,007
Wage Bill (000's)								
Manufacturing	$356,942	$381,660	$356,156	$380,346	$378,309	$359,321	$371,127	$398,837
Nonmanufacturing	459,684	453,467	482,107	488,587	493,436	489,752	503,014	502,861
SMSA Total	$816,626	$835,127	$849,263	$868,933	$871,745	$849,073	$874;141	$901,698

EXHIBIT E-1
FORECAST SUMMARY OF NONAGRICULTURAL EMPLOYMENT, WEEKLY WAGES MANHOURS, AND WAGE BILL FOR THE YOUNGSTOWN-WARREN SMSA
1986-1 to 1986-4

	1986-1	1986-2	1986-3	1986-4
Employment				
Manufacturing	51,000	51,700	51,400	51,800
Nonmanufacturing	128,600	133,300	133,300	134,800
SMSA Total	179,600	185,000	184,700	186,600
Weekly Wages				
Manufacturing	$584	$602	$595	$596
Nonmanufacturing	307	311	313	314
SMSA Average	$401	$407	$403	$405
Manhours Worked (000's)				
Manufacturing	29,213	29,525	28,686	29,371
Nonmanufacturing	56,721	60,524	60,807	61,265
SMSA Total	85,934	90,049	89,493	90,636
Wage Bill (000's)				
Manufacturing	$381,882	$399,088	$391,617	$394,585
Nonmanufacturing	491,363	518,266	520,070	530,357
SMSA Total	$873,246	$917,354	$911,687	$924,942

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OHIO BUREAU OF EMPLOYMENT SERVICES
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RICHARD F. CELESTE
Governor

DR ROBERT A STEINBACHER
Administrator

March 1, 1986

Analysis of YOUNGSTOWN - WARREN Area Labor Market

The attached report is the latest in a series of periodic updates detailing changes in the Youngstown - Warren area labor market and the effect of those changes upon the local employment situation and economic conditions.

A majority of the data contained herein is derived from official reports that have been prepared and released by the Ohio Bureau of Employment Services (OBES) through its Labor Market Information Division. Additional information was supplied by Youngstown State University or taken from published media reports. Wherever possible, sources have been cited for your convenience and further research.

For additional information or analysis, you may contact OBES offices at:

OBES
Labor Market Information Division
P. O. Box 1618
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(614) 466 - 8806

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District III Office
P. O. Box 1198
Youngstown, Ohio 44501

(216) 744 - 5201

We hope that this report will be useful and enhance your understanding of the Youngstown - Warren area and how labor market changes affect the local economy.

Sincerely,

A. P. Fortunato
Manager - District III

D E Curry

D. E. Curry, MBA
Labor Market Analyst

HISTORICAL PERSPECTIVE

The Youngstown - Warren area has been a major industrial center since the nineteenth century. Tracing its history back to 1803, this region has long been noted for iron and steel production. Often compared to Chicago and Pittsburgh, the Mahoning - Trumbull County area gained a nickname of "The Steel Valley". The steel industry long served as an economic base that attracted workers, a variety of stores and restaurants, service industries, and other manufacturers. The advent of the automotive age added significant economic clout to the area when General Motors built its Lordstown and Packard Electric facilities during the 1960's. For most of a century, the Youngstown - Warren economy has been anchored by major industrial firms such as U.S. Steel, Wean United, Commercial Shearing, General Electric, Republic Steel, Halsey - Taylor, Sheet & Tube, etc.

However, the very factors that helped to build the "Steel Valley" economy also acted to weaken it. Since our steel industry was one of the first real industrial centers, this meant that we had a large share of plants that soon were outmoded and less competitive, less profitable. This was especially true of the steel industry after World War II. We faced tremendous competition+ not only from domestic firms with a great deal of over-capacity, but also from foreign countries (such as Germany and Japan) which had re-built or started steel industries with the latest "state of the art" technology then available.

With such a heavy reliance upon an industrial manufacturing base, the local economy has been buffeted by such factors as recessions, high interest rates, foreign competion and imports, high wage levels, labor - management disputes, the impact of new technologies, government regulations, gas and oil prices, etc.

OVERVIEW

For the past ten to fifteen years, the Youngstown - Warren area has suffered more economic hardship than any other metropolitan area in Ohio. Since the 1974 - 1975 recession, we have had the highest unemployment rate among all eight Ohio metropolitan areas. (See Table 1 for comparative unemployment rates in Ohio)

In November 1982, we had the highest unemployment rate in the entire nation when local unemployment soared to an all-time record of 23%. Although the Ohio Bureau of Employment Services wasn't established until 1934, we do have labor exhange records dating back to the early 1900's. These records show that the last recession, in terms of percentages or numbers of unemployed workers, was as bad as the "Great Depression" of fifty years ago. What may have been a recession for the rest of the country turned into another major depression for our area.

The 1980 - 1983 period was a disaster for the Youngstown - Warren area. Compared to pre-recession 1979 levels, the latest economic upheaval cost us more than 36,000 total jobs. Most losses occured in manufacturing (27,100).

A general economic recovery is assumed to have begun in 1983, leading most of the country out of the recession doldrums. However, due to our heavy concentration of industry, the Youngstown - Warren area usually is six to twelve months behind the rest of Ohio in economic recovery. Ohio is, in turn, six to twelve months behind the U.S. recovery because of its status an an industrial state.

For the Youngstown - Warren area, recovery didn't begin until 1984 and the results were hardly encouraging. We gained about 4,900 jobs in 1984 and added another 1,800 in 1985. We weren't so lucky with manufacturing jobs: we gained about 2,400 factory positions in 1984 but lost 2,200 of them again in 1985. The net result of our two years' of "economic recovery" still leaves us with very substantial net losses: 29,800 total jobs with most (26,900) in factory work.

Table 2 detailed the job gains and losses experienced locally 1980 - 1985.

UNEMPLOYMENT RATES

(Expressed as % Rate)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
UNITED STATES	4.9	5.6	8.5	7.7	7.1	6.1	5.8	7.1	7.6	9.7	9.6	7.5	7.2
OHIO	4.3	4.8	9.1	7.8	6.5	5.4	5.9	8.4	9.6	12.5	12.2	9.4	8.4
AKRON PMSA	4.3	4.5	9.5	8.6	6.6	5.6	6.1	8.6	9.6	11.8	12.3	10.1	9.1
CANTON MSA	4.7	4.6	9.6	9.1	7.3	5.5	5.7	8.9	9.7	14.1	14.7	10.8	10.8
CINCINNATI PMSA	5.1	4.3	7.3	6.3	5.6	5.0	5.3	7.0	8.7	10.5	10.5	8.3	7.3
CLEVELAND PMSA	3.9	4.2	7.9	7.0	5.9	4.7	5.0	7.3	8.5	10.7	11.3	9.0	8.4
COLUMBUS MSA	3.5	4.0	7.4	7.0	5.9	4.7	4.8	5.7	7.7	9.0	9.3	7.5	6.5
DAYTON - SPRINGFIELD MSA	4.1	4.7	8.4	6.7	5.5	4.6	6.2	7.5	8.4	11.4	10.6	7.9	7.2
TOLEDO MSA	4.6	5.7	10.0	8.2	7.2	6.2	7.2	10.4	10.7	12.5	11.4	9.0	8.2
YOUNGSTOWN - WARREN MSA	4.6	5.5	11.5	10.1	8.1	7.5	7.2	11.9	12.1	19.7	16.6	12.0	11.5

NOTE: All 1985 averages are estimates since they are based on preliminary figures, not final data.

SOURCE: OBES Labor Market Review, OBES Reports RS 219 and RS 790 series

PMSA = Primary Metropolitan Statistical Area

MSA = Metropolitan Statistical Area

TABLE 1

NON-AGRICULTURAL EMPLOYMENT

Youngstown - Warren Area

(in thousands)

	1979	1983	1984	1985	NET
TOTAL	213.9	177.5	182.3	184.1	- 29.8
MANUFACTURING	79.9	52.8	55.2	53.0	- 26.9
Primary Metals	35.7	22.4	22.8	20.7	- 15.0
Blast Furn./Basic Steel	20.9	9.0	8.9	7.1	- 13.8
Fab. Metal Products	9.7	7.7	8.2	8.1	- 1.6
Machinery, except elec.	6.6	3.7	3.9	3.8	- 2.8
Electric/Electronic Equip.	3.4	2.6	2.7	2.6	- 0.8
Transportation Equipment	13.7	8.3	8.8	8.9	- 4.8
NON-MANUFACTURING	133.9	124.7	127.1	131.1	- 2.8
Construction	7.0	4.8	5.5	6.5	- 0.5
Retail Trade	38.5	34.3	35.3	36.5	- 2.0
Services	37.2	38.9	39.7	41.0	+ 3.8
Government	25.6	23.6	22.8	23.1	- 2.5

NOTE: During 1979 - 1985 period, all sectors except "Services" declined.

Source: OBES Labor Market Review, OBES Reports RS 790 series

Table 2

LONG-TERM DECLINE

As sobering as the 1979 - 1985 job losses may be, it is important that we realize that the economic decline of the Youngstown - Warren area has been accelerating, almost unnoticed, for nearly fifteen years.

Table 3 portrays the dynamics involved as the entire character of the "Steel Valley" changed in response to internal and external factors over the years.

The industrial based economy of the Youngstown - Warren area grew steadily during the post World War II era, through the 1950's and 1960's, until the early 1970's period. Manufacturing, particularly steel, dominated the area economy.

In 1973, overall employment and the industrial sector reached peak levels. At that time, non-agricultural employment was more than 211,000, with 93,000 persons employed in factories. In 1973, manufacturing jobs were nearly 44% of the total jobs picture. The steel industry, with 47,000 jobs in "Primary Metals", was the biggest employer in the Mahoning Valley: 22% of all jobs and 51% of the manufacturing sector.

1974 marked the beginning of the long-term decline of the "Steel Valley" as overall employment increased but manufacturing declined. By the end of the 1974 - 1975 recession, we had lost more than 12,000 manufacturing jobs with 7,800 jobs lost in the steel industry. This area never recovered after that recession.

Youngstown Sheet & Tube announced its closing in 1977, with a loss of 5,000 steel jobs projected by 1978. Dire predictions were made as to the "ripple effect" of the plant closings and how many more steel-related jobs would be eliminated. When this didn't occur, too many people assumed the local economy was stable.

One major reason for no "ripple effect" was that other sectors of the economy were expanding at the same time the steel industry was contracting. For instance, the "Transportation Equipment" sector, particularly the automotive industry, added 3,300 workers between 1977 and 1979. Non-manufacturing sectors added over 7,000 workers in the same period towards an overall gain of 5,900 jobs over 1977.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT IN YOUNGSTOWN-WARREN METROPOLITAN AREA, 1970-1982[a]
(In thousands)

[illegible]	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
[illegible]	195.9	198.1	201.1	211.6	213.5	200.7	203.5	208.0	210.3	213.9	203.1	198.7	180.6
[illegible]	86.1	88.4	87.9	93.0	92.0	80.8	80.6	81.1	79.4	79.9	70.8	67.3	52.9
Durable Goods	79.0	81.7	82.0	87.0	85.9	74.9	74.5	74.9	73.5	73.9	65.0	61.8	48.0
Primary metal industries	44.3	42.9	43.1	47.0	45.1	39.2	41.0	40.6	36.3	35.7	30.5	29.5	23.2
Blast furnaces and basic steel products	32.0	30.7	30.1	30.1	30.1	26.0	26.0	25.4	21.5	20.9	16.6	15.2	11.2
Fabricated metal products	8.9	9.1	8.7	9.6	9.0	8.4	8.5	8.7	9.3	9.7	9.4	9.3	7.9
Machinery, except electrical	6.6	6.4	7.1	7.5	8.5	7.9	7.2	6.7	6.3	6.6	6.5	5.7	4.9
Electric and electronic equipment	3.6	3.9	3.9	3.8	3.6	3.2	3.3	3.3	3.2	3.4	3.2	3.0	2.8
Transportation equipment	10.0	14.1	13.9	13.4	13.4	11.4	9.0	10.4	13.2	13.7	11.2	10.5	5.8
Nondurable Goods[c]	7.0	6.7	6.0	6.1	6.1	5.8	6.1	6.1	5.9	6.0	5.8	5.5	4.9
NONMANUFACTURING[d]	109.5	109.7	113.2	118.5	121.5	120.0	122.9	126.9	130.9	133.9	132.3	131.4	127.7
CONSTRUCTION	8.4	7.0	7.2	7.8	7.4	6.5	6.6	7.4	7.4	7.0	6.6	6.4	5.3
TRANSPORTATION AND PUBLIC UTILITIES	9.9	10.1	9.9	10.3	10.8	9.5	9.6	9.9	10.1	10.1	9.6	9.2	8.2
Communication, electric, gas services	3.2	3.2	3.1	3.2	3.3	3.2	3.1	3.1	3.1	3.2	3.3	3.3	3.4
WHOLESALE TRADE	6.7	6.6	6.7	7.1	7.3	7.2	7.4	7.6	8.1	8.1	7.9	8.1	7.9
RETAIL TRADE	31.1	31.6	33.1	34.6	35.0	34.6	35.9	36.5	37.5	38.5	37.0	36.4	35.4
FINANCE, INSURANCE, AND REAL ESTATE	5.4	5.5	5.8	5.9	6.2	6.3	6.5	6.6	6.8	7.0	7.1	7.1	7.1
SERVICES	26.9	27.7	28.5	30.2	31.3	32.2	32.7	33.0	35.3	37.2	37.9	38.8	38.9
GOVERNMENT	20.7	20.9	21.7	22.5	23.3	23.4	24.0	24.8	25.1	25.6	25.8	24.6	24.0
Local government (includes education)	16.1	16.2	16.7	17.5	18.0	18.1	18.7	19.5	20.0	20.4	20.2	19.2	18.5

[a] Estimated in cooperation with U.S. Bureau of Labor Statistics. Youngstown-Warren area is defined as Mahoning and Trumbull Counties. Based on March 1984 benchmark. Includes full- and part-time wage and salaried workers employed during pay periods which include the 12th of the month. Excludes self-employed, domestics, and armed forces. Subtotals may not add to totals, because of rounding or exclusion of minor groups. Industrial classifications are those described in the "Standard Industrial Classification Manual-1972 Revision." [b] Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; miscellaneous manufacturing. [c] Includes food and kindred products; tobacco manufactures; textile mill products; apparel and other textile products; paper and allied products; printing and publishing; chemicals and allied products; petroleum and coal products; rubber and misc. plastics products; leather and leather products. [d] Includes mining. [e] Depressed due to labor-management disputes.

Labor Market Information Division
Ohio Bureau of Employment Services
Columbus 43216 6-20-85 RS-790-0-8

TABLE 3

Any hope of continued growth and prospect for economic recovery was eliminated by the recession which began in 1980. The Youngstown - Warren area had not fully recovered from the 1974 - 1975 recession when it was hit by steel mill closings in 1977 - 1978. A slight improvement had begun in 1976 and continued until 1979. However, in late 1979, both U.S. Steel and Jones & Laughlin Steel announced that they would close or phase out local plants during 1980. This would affect 5,000 - 6,000 steelworkers by 1981.

In conjunction with the economic downturn caused by a world-wide recession, the steel shutdowns effectively ended the eminence of the "Steel Valley" forever. By 1983, more than 36,000 jobs had been lost, with over 27,000 in manufacturing. The steel industry accounted for nearly half of the manufacturing job loss.

After a "normal" recession, the economy picks up again and people return to work — either being recalled to their old jobs or being hired for new jobs. In the Youngstown - Warren area, this doesn't always hold true. Too many plant cutbacks and shutdowns have eliminated most of the "old jobs" and ended recalls. Too few companies are starting up or expanding locally to create "new jobs" here.

The plain and simple truth is that the Youngstown - Warren area continues in the grip of an economic depression as disastrous as that of the 1930's era. From a peak-level industrial economy in 1973, we have slid steadily downward. In approximately ten years, we have lost about 30,000 jobs overall. The steel industry has lost more than 26,000 workers, more than 56% ot its 1973 roster. There no longer is any steel made in Mahoning County and the remaining steel firms in Trumbull County are ailing. The "Steel Valley" is dying day-to-day.

More than 43% of the manufacturing jobs which built and sustained this area are gone, and probably gone forever. Since 1973, the Youngstown - Warren metropolitan area has lost a total of 40,000 factory jobs. This loss has a tremendous impact and must be examined for its consequences.

ECONOMIC IMPACT

The Youngstown - Warren area has the highest average manufacturing wage rates in the State of Ohio. For 1985, the average factory worker earned about $ 13.22 an hour and averaged $ 570.36 a week. Assuming a full-time job, this calculates to $ 29, 658.72 a year. (Source: OBES Labor Market Review, RS 790)

If you take that average annual pay and multiply it by the 40,000 factory jobs lost since 1973, you arrive at a staggering series of calculations :

	$ 29,658.72	Annual Factory Pay
x	40,000	Factory Jobs Lost
	$ 1, 186, 348, 800.00	Lost Wage Distribution

Round the figures to make it simpler: $ 30,000 a year multiplied by the 40,000 factory jobs lost. That still comes out to about $ 1.2 BILLION a year. Because of those lost factory jobs, that $ 1,200,000, 000.00 is how much money the Youngstown - Warren area is losing a year, every year from now on.

That just covers the lost factory wages. It doesn't count the jobs (and wages) those 40,000 factory workers would have created through their spending or investing those wages. It doesn't count the jobs and wages created even after that as $ 1.2 BILLION circulates. It doesn't consider the taxes lost to city, county, state and federal governments. This certainly doesn't include the taxes paid and purchases made by the shut-down plants that once hired them.

The National Association of Realtors reported that, as of December 1985, the typical American familiy had enough income to buy the typical American home. This was the first time in seven years that this was made possible. The typical familiy needed a median income of $ 27, 940 to purchase a median priced home of $ 74, 800 with 20% down. (Cleveland PLAIN DEALER, Associated Press - 7 Feb 86)

That certainly is good news for a change. However, if the family has only one wage-earner, he or she must have a job that pays about $ 13.43 an hour (or higher than the Youngstown - Warren area). Even with two wage earners, the typical familiy must have high paying jobs if they are to save that 20% down payment ($ 14, 960) while still maintaining a decent standard of living.

Most people consider the "middle class" to be the backbone of America. Yet this standard of living creates a problem for one wage-earner families :

If "middle class" is $ 20, 000 a year -- you must earn at least $ 9.62 an hour

If "middle class" is $ 25, 000 a year — you must earn at least $ 12.02 an hour

For too many families, being "middle class" means having two or more wage - earners, second jobs, postponing purchases, having children or a house (not both), lowered expectations for the future, etc. Much of this economic uncertainty is due to the elimination of the high-paying factory jobs which built the original economy in the first place.

The continuing loss of manufacturing jobs leads to economic stagnation and decline. The existence of those jobs, and the possibility of achieving one, gave the local economy a monetary booster shot and gave hope to ambitious workers.

A continued loss of those 40,000 factory jobs — with $ 1.2 BILLION in wages — has a tremendous impact on the Youngstown - Warren area. That money could give every worker in the Mahoning Valley an extra $ 5,000 - $ 6,000 to spend or save. Another 40,000 jobs could completely eliminate the unemployment problem locally.

Instead, we don't have the money and businesses go bankrupt and civic services are reduced. We don't have those jobs so families go hungry and valued employees re-locate to other areas with jobs.

If the Youngstown - Warren area is to survive, we must acknowledge that a serious economic crisis does exist and a sound solution is vital and urgent.

MEASURING UNEMPLOYMENT

Part of the problem is determining the extent of our economic progress lies in the use of employment and unemployment statistics as a model of the local labor market.

The official "Labor Force Estimates" are just that: estimates. Data includes both actual samples and statistical averages or projections. The survey is limited to the pay period which includes the 12th of the month. Also, the count is limited to those who are working or seeking work. This excludes "discouraged workers" who are unemployed but have given up looking for work. Therefore, they are not counted among the official unemployed. It also excludes persons unable to work even if they may desire work (e.g., a hospitalized worker). It includes the self-employed, domestic workers,unpaid family workers, and agricultural workers.

"Non-Agricultural Wage and Salary Employment" is based on monthly payroll reports from employers. The sample size for Ohio is over 10,000 compared to a sample size of approximately 2,000 in Ohio for the "Labor Force Estimates". The "Non-Agricultural Wage and Salary Employment" data is important because it shows the employment, and fluctuations, in various industries and different segments of the economy. It also reports wages earned and hours worked.

Due to the nature of the estimates and sampling variation, as well as other factors, errors and mistakes can occur. The Ohio Bureau of Employment Services is mandated to use the methodology established uniformly across the nation by the U.S. Bureau of Labor Statistics. Although generally accurate and reliable at national and state levels, the BLS system can create problems in small areas.

For instance, beginning about 1980, we noticed fluctuations in local "Labor Force Estimates" that could not be explained by seasonal variations and which were quite different from employer reported "Non-Agricultural Employment" data.

The District Office made a request to the OBES Central Office in Columbus to examine the discrepencies and determine the explanation for the variations. Eventually, OBES signed a contract with the Younstown State University - Center for Urban Studies to duplicate the BLS survey but with a much greater sample size locally. This was accomplished with the assistance of both BLS and OBES.

Using the official BLS methodology, the YSU survey indicated a much larger unemployed segment: 16.7 % "unofficial" rate versus 10.7 % "official" rate. If "discouraged workers" were included, the real unemployment rate rose to 21.3%. (Youngstown State University - Center for Urban Studies, June 1984)

Although the BLS could not accept the YSU survey as justification to change the "official" unemployment rate, the survey did provide an accurate look at the real extent of unemployment. Given the depressed economic conditions locally, an estimate of 15 - 20 % real unemployment for Youngstown - Warren is reasonable.

Another problem is the assumption that there is only one unemployment rate. For example, the national unemplyment rate was 6.7 % in January. However, the rate estimate for blacks was 14.4 % and for teenagers 18.4 % (USA Today, 10 Feb 86) With Youngtown - Warren area unemployment hovering around 12.0 %, and utilizing statewide and national figures, we estimate local unemployment for minorities and teenagers to be about 25 % and for minority teenagers, about 50 %. Naturally, the problem is accelerated by "center city" conditions where minorities and youth are often concentrated while businesses have moved their jobs out to the suburbs.

In another example, the YSU Center for Urban Studies, in December 1985, estimated that unemployment among area steelworkers is approximately 35.7 %.

"Improved" unemployment statistics can be misleading as well: The local unemployment rate was 19.7 % in 1982 and 11.5 % in 1985. Yet, we actually had more people working in 1982 (191,520) comparatively than in 1985 (191, 568). The change was occasioned by a 20,000 + difference in the 1982 - 1985 labor force.

Overall, unemployment statistics can be useful and informative if used properly and analyzed. Otherwise, they can add smoke rather than light.

SOLUTIONS

Now that we have examined the economic problems that face the Youngstown - Warren area, we should discuss some of the possible solutions as well.

* * * * * *

Many people assume that the decline in manufacturing jobs will be offset by gains in non-manufacturing. They cite the continued growth of the "Retail Sales" and "Services" sectors as examples of a modern, transitional economy. However, the reliance on this solution has several flaws, some possibly fatal.

First, they assume great and continued growth. This may be true nationally, but in the Youngstown - Warren area, "Retail Sales" and "Services" added only 12,700 jobs from 1973 to 1985. Good, but not earth-shaking. Their overall growth has been slowed by the same factors that adversely affect the rest of the area.

Second, these jobs depend upon customers for their continued success. If too many customers lose their jobs or take pay cuts, their reduced spending will affect "Retail Sales" and "Services" eventually.

Third, the "Retail Sales" and "Services" sectors can never replace lost manufacturing jobs in terms of spending and buying power. Too many of these "new" jobs are part-time, minimum-wage, or both. For example, the average "Retail Sales" worker earned $ 164.31 a week in 1985. This is less than a third of the average factory worker's earnings. (OBES Labor Market Review). It would take about 3.5 "Retail Sales" jobs to equal one manufacturing job. In other words, to replace 40,000 factory jobs, we would need more than 135,000 "Retail Sales" jobs !

Finally, since most of these jobs are unskilled or semi-skilled, workers would have little opportunity to gain the skills and experience that would allow them to advance in pay, promotional opportunities, or job mobility.

* * * * * *

Another solution considered is to attract new businesses, with an alternative of strengthening and expanding existing firms. Then, of course, there is always the argument as to which is best: "big business" or "small business" ?

Let us first examine the local situation. By reviewing area employers that are covered by Ohio Unemployment Compensation Law, we find that :

52% - have less than 4 employees (OBES Report RS 203.6)
76% - " " " 10 " "
87% - " " " 20 " "
95% - " " " 50 " "
98% - " " " 100 " "

This would seem to be a fine argument for encouraging "small business" yet the same series of reports indicate that nearly 50% of workers covered by UC are in large firms (over 100 employees) and about 30% work in firms of 500 + .

Accordingly, we should try to assist and encourage both large and small firms. We must realize that the days of huge new plants and major expansion are past. If possible, we should try to attract large firms whenever possible but we shouldn't neglect small firms just because it takes more of them to produce the same number of jobs. Actually, diversification and stability are more important than size since these factors will help insulate the community against over-dependence on any one firm or product. (e.g., General Motors and steel).

* * * * * *

We also hear calls for an emphasis on "High Technology" jobs (but no one can agree on just what that means). Problems with this concept is the lack of hard data as to the actual numbers and needs of such jobs, both now and in the future. We must realize that "High Technology" will eliminate some jobs while creating others,but usually in reduced numbers. Most new "High Technology" jobs will not be technical but will be traditional "white collar" jobs (clerks, drafters, managers, etc.) assisted and expanded by technology. Establishing successful training facilities is costly in both time and money. Finally, lack of coordination may produce too many applicants for too few "High Technology" jobs. (Business Week, 28 Mar 83)

The steel industry still is a major part of our industrial economy, both locally and nationally, although its impact has been reduced by changes over the past ten to fifteen years. Future prospects are still uncertain.

In testimony before Congressional Hearings on "NEW TECHNOLOGY AND THE FUTURE OF STEEL" at Youngstown State University, Dr. David J. Cantor of the Library of Congress testified that the major problems that now face the steel industry will continue for some time: stagnant steel demand far under available capacity, loss of business to more efficient mini-mills, increased foreign competition from new and emerging countries, and use of "steel substitutes" (especially in the automotive industry. Efforts to modernize will cost $ 2 to $ 5 BILLION annually.

Library of Congress studies also show that modernization will be a mixed blessing: steel industry employment is not likely until the demand for steel grows, and increased capital-intensive modernization is likely to further reduce employment in basic steel. Even if employment stays level, modernization will cause the transition from a basically unskilled/semi-skilled workforce to one with the technological skills necessary to operate new equipment effectively and efficiently.

* * * * * *

Shifting manufacturing patterns over the past twenty years have served to effectively change the "Steel Valley" into the "Automotive Alley". Since the 1960's, the automotive industry has been another anchor of the local economy and has replaced the steel industry as this area's largest employer. The 1986 Harris Industrial Directory reports that General Motors — with its Lordstown and Packard Electric facilities — employs more than 20,000 workers locally (or about 40% of all manufacturing jobs). Automotive related suppliers of goods and services add hundreds of jobs to add to a segment of industry that continues strong even now.

In 1985, American automakers had another record year in 1985 as they posted profits of $ 8.1 Billion. This followed the all-time record of $ 9.8 Billion set in 1984. Sales were up because of the improved economy. (Cleveland PLAIN DEALER, Associated Press - 14 Feb 86)

However, the American automotive industry still faces serious problems. To meet the threat of foreign competition and the demands for cost reduction, automakers believe that their survival lies in utilizing better manufacturing techniques. It is thought that maximum use of technology to design and produce cars will give American companies an "edge" in sales. Paramount is increased productivity for increased profitability. (The Detroit News, 31 Jan 86)

These changes are possible but also threaten continued employment in the automotive industry. Automotive jobs could decline 25% by 1990, due to some of the same factors which affected the steel industry: Continued foreign competition (which may grab up to 40% of the car market), the transition from labor-intensive manufacturing to capital-intensive through automation, and the change from an unskilled/semi-skilled workforce to one with the technological skills needed in the new environment. (Cleveland PLAIN DEALER, 28 Aug 85)

Since the auto industry in the Mahoning Valley now holds the prominence that the steel industry once held, we should be concerned about the future since automakers now face many of the same problems which affected the steel industry. Again, the Youngstown - Warren could be seriously damaged by fall-out from the auto industry as we were hit by steel mill problems.

* * * * * *

The construction industry has been relatively stable over the past few years. Unfortunately. That stability has also been at the cost of continued high unemployment among the construction trades. Future prospects are better due lower interest rates and the increased availability of money to fund commercial or residential construction. Local builders also benefited from the intensive property damaged caused by the May 1985 tornado. However, the future for much residential construction is dimmed by the depressed real estate situation which has too many houses already on the market. Commercial construction depends upon the continued overall strength of the economy and enough customer or business spending to support new ventures or expansions.

* * * * * * *

PROJECTIONS FOR THE FUTURE

An econometric model and predictive report prepared by two area economists, Dr. Yih-Wu Liu and Dr. Anthony H. Stocks, offer some projections for the future economy of the Youngstown - Warren area during 1986.

Essentially, the local economy has been stagnant for the past two years, with unemployment holding at about 12% for 1984 and 1985. The prospects for 1986 are only marginally better due to the effects of the overall economy.

The market demand for most steel products remains low. Coupled with excess production capacity worldwide, this may further reduce local steel employment. A 3 - 3½ % growth rate overall is expected for the nation in 1986. This probably will not be enough to stimulate growth in other manufacturing segments.

Non-manufacturing employment offers more prospects for growth. Increased construction activity, both commercial and residential, subject to the constraints previously expressed. Wholesale trade remains strong, with more employment possible, because of the expanding national economy and access to regional markets. The retail trade sector may increase also because of the increased availability of consumer credit and lower interest rates. These factors amount to the potential for modest growth which could add 1-2,000 more jobs to the local area in 1986.

.The local economy will never return to the levels it held previously since the overall economy and world-wide conditions have changed drastically over the past ten to fifteen years. Our status as a major industrial center has changed.

However, assuming the continued overall strength and growth of the economy locally and nationally, it is quite possible that the Youngstown - Warren area will see sufficient growth in jobs to reduce the unemployment rate to under 10% by the end of 1986. (Liu and Stocks, Youngstown State University, January 1986)

CONCLUSIONS

After reviewing all the information contained herein, certain conclusions are possible concerning the overall economy of the Youngstown - Warren area :

1) Business, labor, government, academia and the public must all realize that serious economic problems do exist.

2) Everyone must work together with a common interest towards a common goal, putting aside self-interests.

3) New firms should be actively sought to locate here.

4) Existing firms should be encouraged to expand.

5) Diversification should be encouraged and planned to expand the local economic base and avoid over-dependence on one firm or one industry.

6) The use of new technologies should be encouraged but the overall impact and consequences should be considered as well.

7) As far as practible, workers — both employed and unemployed — should be re-trained or up-graded for new jobs (but only so far as the jobs are actually available).

8) Funding must be made available to establish institutions — both facilities and instructors — to conduct this training on a local or regional basis for the convenience of workers and businesses.

9) Active labor - management communication and co-operation must be maintained in order to support improved operations.

10) Economic research and forecasting must be continued and expanded in order to predict -- and plan for -- the changes that will be inevitable in the future.

March 3, 1986

To Whom It May Concern:

We, the employes of the United Steelworkers Local 1361 from Van Huffel Tube Corporation in Warren, Ohio want to express a sincere, immediate need for an Income and Job Action Act.

I, President of Local 1361, would like to familiarize you with our present situation by giving you a brief history of Van Huffel Tube Corp. In August of 1974, our work force consisted of 1300 employes which has been reduced to one employe as of March 1986. In summary, 1299 employes have experienced grave hardships through exhaustion of unemployment benefits and loss of insurance benefits. To further compound this crisis, on July 16, 1985, Van Huffel Tube Corp. petitioned to reorganize under Chapter 11 of the U. S. Bankruptcy Code. In so doing, the firm discontinued payments for the employes' hospitalization and supplemental unemployment benefits, life insurance and reduced the pension payments due to the termination of the pension fund, causing employes loss of homes, automobiles, their dignity, not to mention the acquired medical bills of astronomical amounts. Our distraught employes have resorted to divorce, acts of substance abuse, child abuse, and even attempted suicide.

Based on this information, it is obvious that new strategies and a new spirit of cooperation between Federal, State, and Municipal governments and the private sector are needed in order to attack this critical problem and restore the lost hopes of hundreds of families. Our objectives are to provide jobs for the jobless, food for the hungry, and homes for the homeless.

Sincerely,

Richard D. King

Richard D. King
President
Local 1361

sjv

Congressmen Martinez, Hayes, and Traficant:

I thank you for this opportunity to submit my testimony at this Congressional Hearing.

I am the wife of a displaced steelworker. We have lived with unemployment for four years. We have had no income since the end of August, 1985. Because we have a small savings account, we are not eligible for any kind of financial help. It doesn't matter that my husband worked in dirt and oil for twenty-eight years to earn that money and that he scrimped and sacrificed to put it in the bank for the time when he would reach old age.

We have now used half of our savings and soon it will be all gone. We live in fear because of our insecure future. Just when we are supposed to be able to live comfortably and begin to enjoy life, we find our lives have been turned upside down. Our stomachs are tied in knots from worry.

I am again in school, at my own expense, hoping for a possible career change at the age of fifty-three. I am no longer needed as a teacher. My applications have been shelved. I am too old and I'm overqualified. No school system will pay me for my years of experience and my excessive hours of university credits. Most teachers my age have retired early because they were offered large bonuses to do so.

My husband, John, was a good steelworker. He was devoted to his job. His job was his life. He was never absent and never late, fully believing that his dedication would be appreciated and, perhaps, rewarded. He was rewarded with "a kick in the pants."

John is unskilled. He is too old to undergo training of any kind. He is depressed. He can't believe that his government would allow industry to do what they are doing to workers across America. He sits in a chair most of his time each day, not knowing what to do. He wants to go to work, but there are no jobs in the valley, especially for older men.

Whether he will receive a pension is still undecided. Even if he is given one, it will barely get us through half of each month.

Where will we get enough money for the other half?

The worst part of our situation is that we have no health insurance. If we become ill or seriously injured we cannot aford to go to a hospital. We have told our friends and relatives that they are not to call an ambulance for us, no matter what happens. Now that we are at an age when health care is of grave importance to us, we find that it is far out of our reach.

Some of our friends shun us now that we have no job and no income. They know that we can't afford to go out to dinners, to movies, or to any form of entertainment that will cost money. They feel that they would be obligated to pay our way and they certainly don't want to do that. They don't want to even hear about our situation. It's as if we have terrible diseases named unemployment and poverty and they are afraid that they will catch them, too. If they stay away from us they won't have to concern themselves with our problems.

Our situation is frightening to us, but there are thousands of people in this valley whose situations are worse than ours. There are people who are barely existing. Some have already died from suicide, premature births and untreated illnesses because of a lack of health insurance and proper medical care, freezing because of utility shut-offs, and starvation. Something has to be done to stop this tragic attack on America's working class.

This drastic change in my life prompted me to join the Save Jobs Committee in Youngstown and, as their chairperson, to fight for the rights of the unemployed, the underemployed, and the underpaid. I intend to do all I can to gather support for the Hayes Bill and give the American working class a chance to live a comfortable and dignified life.

Mrs. Neva Beight
6723 Bluebird Lane
Youngstown, OH 44512

The heartwrenching reality of unemployment, continuing deepening and expanding is facing all of us residents in Mahoning and Trumbull County. Another cyclical crisis is only a matter fo time. Unemployment will begin to skyrocket then. The United Steelworkers Basic Steel Conference called for a campaign to pressure Congress to revitalize the steel industry through legislation to rebuild the country's crumbling infrastructure. The resolution pointed out that United States steel mills could operate at full capacity until the end of the century if the country were investing in highways, bridges, railroads, housing, schools, hospitals, water and sewage systems. However, this is not just a local problem but extends into almost every section of our country. Conditions are more severe in our community. The pattern for mill closings in communities in the United States and the opening of mills and plants abroad appears to have been initiated right here in the heart of the northeastern Rust Bowl.

Just recently President Reagan asked Congress for 15 million dollars to send to the "Contra's" in Nicaragua. The "Contra" are making war against the legally elected government which supports the legitimate unions in Nicaragua in their efforts to raise wages of the Nicaraguan workers. Of course many American corporations have factories in Nicaragua and earn tremendous profits

(over)

from the low wages they have been paying there, as well as in South Korea, South Africa and elsewhere.

The Hayes-Conyers Bill HR1398is put together to meet the needsof the unemployed by guaranteeing the unemployed a decent income until employment and establishing a public works program both financed by 1% of the military budget. When the Hayes -Conyers Bill was originally introduced to Congress I heartily supported it and helped to gather hundreds of signatures on petitions calling for its passage. I continue to support this bill for above reasons and as a candidate for the office of County Commissioner in Mahoning County call upon all other candidates for that office to do the same.

Roslyn Sims

Roslyn Sims

Mr. MARTINEZ. Mr. Curry, would you stand by and when we have heard from all of the panel we will ask some questions.

Mr. CURRY. Certainly, Mr. Chairman.

Mr. MARTINEZ. Next we will hear from Mr. Kennedy.

STATEMENT OF ROBERT KENNEDY, PRESIDENT, LOCAL 2243, UNITED STEELWORKERS OF AMERICA

Mr. KENNEDY. Mr. Chairman, Hon. James Traficant, Hon. Charles Hayes, as president of USWA Local 2243, I represent the maintenance and production workers of the Copperweld Steel Co. here in Warren, OH.

Gentlemen, welcome to a disaster area. Unemployment in the Mahoning Valley is a disaster of major proportions. Unlike a tornado, which we experienced in Trumbull County not long ago, unemployment does not drop in and then leave. It is something we live with every day of our lives and its results are far more devastating in terms of broken lives and human suffering. Our tornado brought Federal aid and compassion. Our unemployment has brought only coldblooded response from an administration that is fanatically dedicated to the cult of mythical free trade.

Any study of unemployment in this area must begin with the steel industry. In the Youngstown area, steel used to provide thousands of good jobs. These jobs are gone and the mills sit by rusting. In the Warren area, two steel mills still survive by the skin of their teeth, suffering millions in losses each month, LTV here in Warren and Copperweld Steel. If something isn't done soon, they will join the entire steel industry in its death throes.

It can be shown that a steel job, on the average, supports a family of four, and there are three other jobs in other businesses dependent upon the one steel job. How many depend on the dependent jobs? The domino effect can be easily appreciated. I think it would be prudent to say the loss of one steel job may disrupt the lives of 10 other people and maybe more.

The effect on the community is just as devastating. Small businesses failed; the tax base is eroded; familes are broken up; public services and schools suffer; there is no money to repair and replace bridges, highways, dams, and other major structures. The whole community deteriorates.

The loss of steel jobs seems to parallel losses in other industries and appears to be the deliberate policy of the Reagan administration. His trade representative, Clayton Yeutter, quoted in American Metal Markets on November 18, 1985, says that "Some industries such as steel, textiles and footwear may have to be phased out of the U.S. society because they are no longer productive."

He continues to say that while this would be a painful process, the easing out of some industries is preferable to adopting protectionist measures to protect jobs. This sounds like a religious fanatic's dogmatic adherence to the cult of free trade, not a reasonable man in a realistic world.

The fact is, there is no such thing as free trade in this world. The American market is foolishly free but not totally. This foolish policy will result in turning our beloved country into a colony of the rest of the world. We export our raw materials, our technology and our jobs. They sell us the manufactured goods.

Perhaps Mr. Yeutter and others should be reminded that the U.S. Constitution charges our Government with the duty to promote the general welfare for the United States of America. Please take note, Mr. Yeutter, this means the people of our country, not every other country in the world.

The record must be set straight. Contrary to Mr. Yeutter's belief, and apparently Mr. Reagan's, the American steel industry is among the most productive in the world. This is a remarkable accomplishment, particularly because many U.S. plants are quite old and operate under serious technical handicaps, says a study by Locker Abrecht Associates.

They used many research sources, both public and private, to compile a report for the United Steelworkers of America. Steelworkers have already made enormous sacrifices toward improving the viability of the industry; 72 percent of all operating cost reductions since 1982 have come from lowering employment costs, say the report.

In the steel industry employment has been cut by 56 percent, and this has been accompanied by dramatic productivity improvements. These figures are parallel to Copperweld's status. Our membership was about 2,200 in 1981, dipped to a low of 750 in December of 1985 and as of last week was 1,050. In addition, those working may be subjected to short work weeks. Our office and technical local has dropped from approximately 125 to 53. And supervisors were cut from 425 to 260. In each case substantial wage and benefit concessions have been granted.

Productivity in terms of man hours per ton has improved by 20 percent. With all this, the company has lost about $43.3 million in 4 years, 1982 through 1985. Most workers on layoff have exhausted their benefits and may never be recalled. While we have been certified for adjustment assistance under section 223 of the Trade Act of 1974, there is no funding to pay our members. This prevents them from taking advantage of retraining opportunities. Families must be supported. You must have a car and buy gas to drive to classes; so you are forced to take any job you can find or spend your time looking for, perhaps, a nonexisting job.

All labor and in fact everyone should applaud the objectives of H.R. 1398 and a full employment society. It seems obvious that the first priority in that direction would be preservation of the jobs we now have and expanding on that base.

I am a steelworker, and so much of what I say addresses the needs of the steel business. We hear far too much talk to the effect that our country must convert from smokestack industries to high technology and service industries. While great, only industrial nations can provide a reasonable standard of living for their citizens. Those smokestack industries are the backbone of any economy. High technology and service jobs must be supported by manufacturing jobs.

Abandonment of our commitment to heavy industry would be tantamount to turning our country into a banana republic, a two-class society, the very rich and the very poor. This is the reason that every other country protects their key industries in one way or the other.

To implement the objectives of H.R. 1398 for the steel industry as well as most of the manufacturing sector, we believe that you have already included provisions that should prove helpful, and we may suggest additional measures. We like your provisions to prevent plant closings, paragraph 8 on page 7.

The establishing of a fund to promote employment repair and improvement of the Nation's infrastructure is right on target. Reduction of interest rates is essential. Measures to reduce the value of the dollar are needed yesterday. We have already suggested domestic content legislation. As early as tomorrow, Reagan should be pressured to properly implement the VRA's.

He has subverted VRA's by negotiating increased quotas even in the face of European Common Market violations, and he doesn't enforce the quotas after they are negotiated. Bankruptcy laws should be changed to prevent their use as a ploy to cancel labor contracts and rob workers of their pensions and health insurance. Export of jobs by multinationals should be dealt with by imposing tariffs equal to the difference in pay rates.

Foreign earnings should be taxed when they are earned and at a higher rate then domestic earnings. Publicly financed work projects should use American material and equipment.

The fat has been taken out of the manufacturing sector. Government assistance is needed. If this is protectionist, so be it. We would ask: Who is our Government supposed to protect? Do we really want to become a banana republic?

I thank you gentlemen for inviting me to testify. I don't know how much of this comes under the jurisdiction of your committee, but I would urge you to use your influence in Congress on the matters that may fall outside of this action.

Thank you very much.

[The prepared statement of Robert Kennedy follows:]

PREPARED STATEMENT OF BOB KENNEDY, PRESIDENT, LOCAL 2243, UNITED STEELWORKERS OF AMERICA

Mr.Chairman, the honorable James Traficant, the honorable Charles Hayes and members of the Committee. My name is Bob Kennedy. As president of USWA Local 2243, I represent the production and maintenance workers of the Copperweld Steel Company.

Welcome to a DISASTER AREA! Unemployment in the Mahoning Valley is a disaster of major proportions. Unlike a tornado, which we experienced in Trumbull County not long ago, unemployment does not drop in and then leave: it is something we live with every day of our lives and it's results are far more devastating in terms of broken lives and human suffering! Our tornado brought Federal aid and compassion: our unemployment has brought only cold blooded response from an administration that is fanatically dedicated to the cult of MYTHICAL "free trade". An administration of zealous theolougues who cling to their economic and social theology long after they have been proven to be wrong.

STEEL INDUSTRY DEMISE

Any study of unemployment in this area must begin with the steel industry. In the Youngstown area, steel used to provide tens of thousands of GOOD jobs. These jobs are gone and the mills sit rusting. In the Warren area, two steel mills still survive by the skin of their teeth, suffering millions in losses each month.(LTV and Copperweld). If something isn't done SOON, they will join the the ENTIRE STEEL INDUSTRY in it's DEATH THROES!

DOMINO EFFECT

It can be shown that a steel job, on an average, supports a family of four and there are three other jobs in other businesses dependent upon the one steel job. How many depend on the dependent jobs? The domino effect can be easily appreciated. I think it would be prudent to say, the loss of one steel job may disrupt the lives of ten other people and maybe more! Multiply the lost steel jobs by ten. But these are PEOPLE not numbers. If you are strong enough, contemplate the human misery behind the numbers. BLS studies have shown that the suicide and divorce rates are more than double the national average among workers who have lost their jobs. Of the steelworkers displaced between 1979 and 1983, less than half had found jobs a year later; 40% were still looking for work and 15% gave up looking. Those who found jobs took large wage cuts.

DETERIOARATION

The effect on the community is just as devastating. Small businesses fail; the tax base is eroded; families are broken up; public services and schools suffer; there is no money to repair and replace bridges, highways, dams and other major structures. The whole community deteriorates.

DELIBERATE POLICY?

The loss of steel jobs seems to parallel losses in other industries and appears to be the deliberate policy of the Reagan administration. His trade representative, Clayton Yeutter, quoted in AMERICAN METAL MARKETS (Nov 18, 1985), says that some industries -- such as STEEL, TEXTILES, and FOOTWEAR -- may have to be phased out of U.S society because they are no longer productive. He continues to say that, while this would be a "painful process", the easing out of some industries is preferable to adopting protectionist measures to protect jobs. This sounds like a religious fanatic's dogmatic adherance to the cult of "free trade" not a reasonable man in a realistic world. The fact is, THERE IS NO SUCH THING AS "FREE TRADE" IN THIS WORLD. The American market is foolishly free, but not totally. This foolish policy will result in turning our beloved country into a COLONY of the rest of the world. We export our raw materials, our technology and our jobs; they sell us the manufactured goods.

Perhaps Mr.Yeutter and others should be reminded that the U.S. Constitution charges our government with the duty to "Promote the general welfare...for the United States of America." Please take note Mr. Yeutter, this means the PEOPLE of OUR country, not every other country in the world. While we advocate concern for other nations, like every other country in the world, our own national interests and our own survival MUST come first. We should treat other countries fairly, as fairly as the treat us.

While I know that the gentlemen of the Congress need no reminding, perhaps others need to remember that our Constitution further provides that "Congress shall have the power...to regulate trade with foreign nations." I'm sure that our founding fathers didn't intend us to slip back to a Colony status!

TEFLON FOR ARMOR?

Nuclear weapons are not banned but neither are conventional weapons. Since the end of World War II, thank God every war has been fought with conventional weapons. If we are attacked, how will we equip our armed forces? Uniforms need TEXTILES; boots need FOOTWEAR; guns and armor need STEEL. If these industries are "phased out" must we press the atomic button and destroy the world rather than fight a conventional war even if the attacker is not a major power? In the real world, conventional wars are still fought. Must we stand by and watch America become a second class nation, stripped of her industries and all in the name of this religion called "free trade"? I believe Reagan policy is the cause of unemployment and only Government intervention can save the steel industry and prevent even a greater loss of jobs.

COPPERWELD

The record must be set straight. Contrary to Mr. Yeutter's belief, and apparently Mr. Reagan's, -- the American Steel Industry is "among the most productive in the world": This is --"a remarkable accomplishment, particularly because many U.S. plants are quite old and operate under serious technical handicaps", says a study by Locker/Abrecht Associates. They used many research sources, both public and private, to compile a report for The United Steelworkers of America. "Steelworkers have already made enormous sacrifices toward improving the viability of the industry. Seventy-two percent of all operating cost reductions since 1982 have come from lowering employment costs", says the report. In the steel industry, employment has been cut by 56% and this has been accompanied by dramatic productivity Improvements. These figures are parallel to Copperweld's status. Our membership was about 2200 in 1981, dipped to a low of 750 in December and stood at 1050 last week. In addition, those working may be subjected to short work weeks. Our Office and Technical local has dropped from about 125 to 53. and supervisors were cut from 425 to 260. In each case, substantial wage and benefit concessions have been granted. Productivity in terms of manhours per ton has been improved by 20%. With all this, the Company has lost about 43.3 million dollars in four years, 1982 through 1985. Most workers on lay off have exhausted their benefits and may never be recalled. While we have been certified for "adjustment assistance under Section 223 of the Trade Act of 1974", (TRA) there is no funding to pay our members.

This prevents them from taking advantage of re-training opportunities. Families must be supported; you must have a car and buy gas to drive to classes so you are forced to take any job you can find or spend your time looking for, perhaps, a non-existing job. You must eat while re-training.

WHAT HAS CAUSED LOSS OF OUR JOBS?

In a word, IMPORTS, (and Reaganomics). Locker/Abrecht says, "Behind the banner of 'free trade', the Reagan administration has advanced a series of economic programs that triggered a deep crisis for the U.S. manufacturing sector, and especially integrated steel producers. Reagan has:

- o Promoted the rise in the value of the dollar, thereby making U.S. goods less competitive in the world market and imports artificially competitive in the the U.S.;
- o Generated very large deficits which produced high interest rates and large capital inflows;
- o Restricted access to low-cost credit by supporting high interest rates and excessive speculation;
- o Inhibited domestic industrial growth by encouraging imported products to fill the gap;
- o Failed to stimulate new investment in the basic manufacturing sector;
- o Lowered steel usage by shifting government spending toward hi-tech defense industries and away from public investment in highways, railroads, bridges, and similar infrastructure development and repair; and
- o Tolerated a very high unemployment rate in order to reduce inflation." --

"The governments of other industrialized countries have recognized the need to support their own distressed steel industries. To maintain their operations and preserve employment, companies in ALL these countries have received subsidies or other forms of support that permits them to sustain SUBSTANTIAL LONG-TERM LOSSES." -- "Producers in West Germany, England, and France have lost money in practically every year over the last 11 years. While Japan has been profitable, it has vehemently protected its domestic market. Producers in the U.S. have a much better record than these European producers, but even after four years of major losses the Reagan administration still refuses to recognize their desperate need."

A BASE TO BUILD ON

All Labor and, in fact, every one should applaud the objectives of H.R. 1398 and a "Full employment society". It seems obvious that the first priority in that direction would be preservation of the jobs we now have and expanding on that base. I am a steelworker so much of what I say addresses the needs of the steel business. We hear far too much talk to the effect that our country must convert from "smoke stack industries to hi-tech and service industries." While technology is essential in todays world and expansion of services is great, only industrial nations can provide a reasonable standard of living for their citizens. These smoke stack industries are the back bone of any economy. Hi-tech and service jobs must be supported by manufacturing jobs. Abandonment of of our commitment to heavy industry would be tantamount to turning our country into a banana republic, a two class society, the very rich and the very poor. This is the reason that every OTHER country protects their key industries, in one way or the other.

STEEL USAGE

While it may surprise some people, the amount of steel used in this country has remained virtually stable since 1977. A study shows that when direct imports and indirect imports (manufactured steel products) are added to domestic tonage, steel usage has declined only two percent since 1977. Another way of saying this; imports account for 98% of U.S. mills lost tonage. American based multi-national corporations export jobs and technology. They build or buy plants abroad then ship their products back to this country. Thus they pay slave wages abroad and get top prices here. They get the best of both worlds and we lose jobs and TAXES so that we can't fund TRA for our members who are out of work. These job losses extend beyond the steel industry into many manufacturing operations. Domestic content legislation is a MUST.

WHAT MUST BE DONE

To implement the objectives of HR 1398 for the steel industry as well as most of the manufacturing sector, we believe that you have already included provisions that should prove helpful and we may suggest additional measures. We like your provisions "to prevent plant closings" [(8) on page 7]. The establishing of a fund to promote employment, repair and improvement of the nations infrastructure is right on target. Reduction of interest rates is essential. Measures to reduce the value of the dollar are needed "yesterday" We have already suggested domestic content legislation. As early as tomorrow, Reagan should be pressured to properly implement the VRAs ; he has subverted VRAs by negotiating increased quotas even in the face of European Common Market violations and he doesn't enforce the quotas after they negotiated. Bankruptcy laws should be changed to prevent their use as a ploy to cancel labor contracts and rob workers of their pensions and health insurance. Export of jobs by multi-nationals should be dealt with by imposing tariffs equal to the difference in pay rates. Foreign earnings should be taxed when they are earned and at a higher rate than domestic earnings. Public financed work projects should use American material and equipment.

The "fat" has been taken out of the manufacturing sector. Government assistance is needed, the sooner the better. If this is protectionist, so be it. We would ask, who is our government supposed to protect? Do we really want to become a banana republic?

I thank you gentlemen for inviting me to testify. I don't know how much of this comes under the jurisdiction of your committee, but I would urge you to use your influence in Congress on those matters that may fall outside its function.

Mr. **Martinez**. Thank you, Robert. I feel obligated to comment on the last remark you made, because there may be some areas that do not come under the jurisdiction of the committee. But it is part of the jurisdiction of each one of us as Members of Congress to do exactly what you said, to protect the American workers, because that is our responsibility.

Mr. **Kennedy**. Thank you very much.

Mr. **Martinez**. Thank you. At this time I would like to hear from Roberta Steinbacher.

STATEMENT OF ROBERTA STEINBACHER, ADMINISTRATOR, OHIO BUREAU OF EMPLOYMENT SERVICES

Ms. **Steinbacher**. Thank you, Mr. Chairman.

I am the administrator of the Ohio Bureau of Employment Services. On behalf of the Governor, I am here today and I would like to welcome all the members of the Subcommittee on Employment Opportunities to Ohio. It is indeed a sad commentary that Congressman Hayes and you, Congressman Martinez, and Congressman Traficant, and the other cosponsors of H.R. 1398, have been forced to seek full implementation of legislation that was passed in 1946, again in 1978, but the citizens of Ohio can and will be proud of your tireless efforts to make full use of America's most valuable natural resource, its workforce.

As all of us in this room today know, you have chosen a most appropriate site for this hearing on legislation as critical as the Income and Jobs Action Act. The Mahoning Valley has proved positive the need for aggressive, consistent, and humane Federal employment policy. Since 1983, the Celeste administration has committed significant resources to this part of our State, and our goal as State government will continue to be that of assisting local communities to recover from the ravages of the depression.

We labor under no illusions, however. You have already heard this morning the grim statistics that have been put before you. And no matter how serious the commitment, no Governor, no mayor, no local official can develop a total solution to the economic crisis facing this part of the State.

Governor Celeste, and your Representatives, and your local elected officials constantly face the implications of the economic balancing act involved in jobs created by exports and jobs destroyed by imports. But, as you well know, trade policy is set at the national level and States have little or no input.

The State must balance its budget every year, and we in Ohio are proud to have done that. But every year the State is expected to pick up the pieces of Federal budget cuts. Those new responsibilities range from the ridiculous to the impossible.

For example, to meet the demands of possible Gramm-Rudman cuts, the Ohio Bureau of Employment Services has been asked to look at ways to reduce its budget for labor market information. It is a small reduction, and our Federal funding source has recommended it can be met easily. One of the ways they recommend that we cut it is to no longer compile and publish data for the Youngstown-Warren area. That is the ridiculous end.

On the impossible side, Ohio's title III funding for dislocated workers that Congressman Martinez already talked about will be reduced 55 percent this July 1, and we are also probably going to lose trade adjustment assistance.

The State doesn't have the resources to make up those kinds of losses. I assure you we will make up the compilation of Youngstown-Warren area data. Again, State and local governments are left with the grim results of Federal policy decisions. You are already familiar with the litany of President Reagan's proposed budget cuts and the results they will have on poor and working people. That is fast becoming synonymous across this Nation. Those policies could very well make the difference in whether or not the Mahoning Valley makes its comeback.

There are two concepts in the Income and Jobs Action Act which are particularly critical to this State. Section IV presents a concept of economic conversion which is essential for the future economic health of this State and this Nation.

The conversion of unnecessary military and falling civilian production into production geared to meet the vast, unmet human needs of the Nation will not only provide jobs and income, it will provide a national security unattainable through weapons stockpiles.

It is time to devote resources to the creation of economic development policies which build up on the skills and strengths of our workforce. Unfortunately, much of the current national leadership finds this a threatening proposition.

Section V holds a key to success, heavy reliance on locally based full employment planning. The intricacies of community needs and resources can only be properly addressed at the local level. Both State and Federal levels must learn to facilitate change rather than impose it.

In Ohio, we find that the best development projects and the best training programs are those which are built upon dynamic local partnerships. Inclusion of all segments of the community is essential if full employment is to become a reality for all.

Mr. Chairman, I commend you for the leadership you are providing in sponsoring this legislation. Congressman Hayes, Congressman Traficant, equally important through hearings such as these, you are challenging the current parameters of economic policy debate in this Nation.

The Reagan administration tried to close its policies in the rhetoric of individual freedom and economic efficiency. The Income and Jobs Action Act reminds us all that individual freedom and economic efficiency lose their value if they are not accompanied by justice and participation.

I join with Governor Celeste in strong support of your efforts.

Thank you very much.

[The prepared statement of Roberta Steinbacher follows:]

PREPARED STATEMENT OF DR. ROBERTA STEINBACHER, ADMINISTRATOR, OHIO BUREAU OF EMPLOYMENT SERVICES ON BEHALF OF GOV. RICHARD F. CELESTE

My name is Roberta Steinbacher. I am the Administrator of the Ohio Bureau of Employment Services.

On behalf of Governor Celeste, I want to welcome the Subcommittee on Employment Opportunities to Ohio. The Governor's schedule did not permit him to be here today and he asked me to testify in my role as chairperson of the Cabinet Cluster on Education and Job Training. It is a sad commentary that Mr. Hayes and the other cosponsors of HR 1398 have been forced to seek full implementation of legislation passed in 1946 and 1978. The citizens of Ohio can be proud that Representatives Kaptur, Stokes and Traficant have joined the leadership of the effort to make full use of America's most valuable natural resource - its workforce.

You have chosen a most appropriate site for a hearing on legislation as critical as the Income and Jobs Action Act (HR 1398). The Mahoning Valley is proof positive of the need for aggressive, consistent and humane federal employment policy.

Since 1983, the Celeste Administration has committed significant resources to this part of Ohio. Our goal continues to be assisting local communities to recover from the ravages of a depression. We labor under no illusions. The task is formidable and the state government does not possess a magical solution. We can, however, act as a partner - with local communities, with the private sector, with organized labor - and use limited state resources to leverage economic recovery.

Our efforts focus on both sides of the critical equation - job retention and creation, on the one hand, job training and placement, on the other. Let me cite some examples.

In Mahoning and Trumbull counties, the Ohio Department of Develoment has committed almost $17 million since 1983. Those state dollars have contributed to 54 projects with a total estimated project cost of $177.3 million. We believe that to be very effective leveraging of our resources. More importantly, that investment created 2,458 new jobs, retained 623 threatened jobs and provided training to 14,662 employees.

Those numbers have real jobs and real people behind them. In Mahoning County, they mean 50 jobs at Valley Foods and as many as 300 jobs at North Star Steel. In Trumbull County, they mean over 400 new jobs at Packard Electric and training for 3,000 workers to insure their skills remain competitive.

The Governor's commitment to the Mahoning Valley resulted in the establishment of the Department of Development's only regional office. We refuse to sit back and accept the predictions of future gloom. We will not accept the advice of "experts" who want to write off this region of the state and who urge workers to seek jobs elsewhere. This valley, and the whole state, reached a high level of prosperity and stability because the skills and efforts of Ohio's workforce built a thriving economy. We cannot afford to abandon these people because economic trends have changed.

Part of our commitment is to help workers adjust to the demands of a rapidly changing economy. That is why Governor Celeste's biennial budget dedicated seventy cents of every new tax dollar to education. The Thomas Alva Edison program encourages Ohio institutions to develop policies of selective excellence and bring in top researchers and teachers. We are providing incentives for Ohio colleges and universities to build and expand research programs that are on the cutting edge of new technology. And the results of these efforts will be shared with Ohio business through the Ohio Technology Transfer Organization.

Individuals must also receive the training necessary to meet today's and tomorrow's challenges. Through the Job Training Partnership division of my agency, the state has allocated $27.9 million to the three Service Delivery Areas serving Trumbull, Mahoning and Columbiana counties. Title IIa programs have served 7,988 people from October 1983 through this month. Almost 3,000 people have been placed in employment.

In addition, over $4.45 million in Title III dislocated worker funds have gone to those same counties. Although a number of programs are still under way, over 1500 people have been enrolled and 570 have been placed through January, 1986.

The local OBES offices have provided services to almost 160,000 individuals in these three counties since October, 1983, and 20,601 people have secured employment.

We believe the statistics tell an impressive story. Ohio has committed millions of dollars to this region. Thousands of people have been put back to work and hundreds of existing jobs have been saved.

But other statistics tell us very clearly that we have a long way to go. In testimony following mine, one of OBES's labor market information specialists will examine the grim reality of this local economy in detail. I want to focus on the policy implications of all this data.

No matter how serious the commitment, no Governor or local official can develop a solution to the economic crisis facing many parts of our nation. Governor Celeste must constantly face the implications of the economic balancing act involved in jobs created by exports and jobs destroyed by imports. But trade policy is set at the national level and states have little or no input.

The state must balance its budget every year - and we are proud to have done it. But every year the state is expected to pick up the pieces of federal budget cuts. Those new responsibilities range from the ridiculous to the impossible. For example, to meet the demands of possible Gramm-Rudman cuts, OBES has been asked to look at ways to reduce its budget for labor market information. It is a small reduction and our funding source has recommended it can be met easily if we no longer compile and publish data for the Youngstown-Warren SMSA. That's the ridiculous end. On the impossible side, Ohio's Title III funding will be reduced 56% this July 1. And, we may also lose trade adjustment assistance. This state does not have the resources to make up that kind of loss. Again, state and local governments are left with the results of federal policy decisions.

You are already familiar with the litany of President Reagan's proposed budget cuts and the results they will have on poor and working people across the nation. Those policies could very well make the difference in whether or not the Mahoning Valley continues its comeback from disaster.

There are two concepts in the Income and Jobs Action Act which are particularly exciting and attractive to this state's administration. Section 4 presents a concept of economic conversion, which is essential for the future economic health of the nation. The conversion of unnecessary military and failing civilian production into production geared to meet the vast unmet human needs of the nation will not only provide jobs and income, it will provide a national security unattainable through weapons stockpiles. It is time to devote resources to the creation of economic development policies which build upon the skills and strengths of our workforce. Unfortunately, much of the current national leadership finds this a threatening proposition.

Section 5 holds the key to success - heavy reliance on locally based full employment planning. The intricacies of community needs and resources can only be properly addressed at the local level. Both state and federal levels must learn to facilitate change rather than impose it. In Ohio, we find that the best development projects and the best training programs are those which are built upon dynamic local partnerships. Inclusion of all segments of the community is essential if full employment is to become a reality for all.

I commend you for the leadership you are providing in sponsoring this legislation. Equally important, through hearings such as these, you are challenging the current parameters of economic policy debate in this nation. The Reagan Administration tries to cloak its policies in the rhetoric of individual freedom and economic efficiency. The Income and Jobs Action Act reminds us all that individual freedom and economic efficiency lose their value if they are not accompanied by justice and participation.

I join with Governor Celeste in strong support of your efforts.

Thank you.

Mr. MARTINEZ. Thank you.

Mrs. Smith, somebody put "Mr." here, and I can tell you are not a "Mr."

STATEMENT OF DELORES SMITH, DIRECTOR, WARREN URBAN LEAGUE

Mrs. SMITH. Absolutely; and, in fact, for those who wanted to title me, I still go by "Mrs." I feel that I have earned that title.

Distinguished gentlemen, Mr. Martinez, Congressmen Hayes and Traficant, I need to start my presentation by apologizing for not handing to you my written testimony, but I do promise that it will be in your office by the end of the week, but I feel that I will have no problem giving you a presentation.

I need to perhaps start off by commending you for the courage in your legislation. It is the first time that I have had the privilege of meeting with persons who are going to put emphasis on Americans for a change. And for that reason, I feel that you have been extremely courageous in doing so.

However, as I take a view of unemployment, I guess I have to take it from the aspect of the Urban League's mission, and that is to deal with minorities in particular. As I have listened to my other colleagues around the table, I become somewhat depressed and frustrated that with all of what they said minorities get caught in all of the bureaucracies. They get caught from the Federal level, to the State level, to the local level, and we begin to wonder what can we do to not only support your legislation, but what becomes important is the implementation of your legislation.

You have noted that throughout your legislation that you wanted emphasis placed on minorities, and I agree, especially when you deal with the gross statistics within Trumbull County that read something like 52 percent unemployment for its small, minority community.

Now, I know that OBES would probably not agree, but if we take into consideration those statistics which have been compiled plus those persons who come within our jurisdiction of social service agencies, then we feel very safe in saying that among the 17,000 persons or those that are of working age, that minorities within this county experience 52-percent unemployment.

We feel that it is primarily because of attitudes that must be changed, and I think your legislation is dealing with attitudes. But those attitudes come far from the Federal Government and so, hopefully, your legislation will build in an implementation plan so your plans can be carried through with full force. We find that people are actually punished when they seek employment.

To give you an example, it has been the mandate of the Urban League to take persons on welfare, to enroll them in a work-experience program, and to pay them what the Government says is a minimum wage, yet we find that in employing them we have actually put them in a punishment kind of situation.

Oftentimes we are not able to give the medical benefits as they enter our doors. There is a waiting period, and we find that the very systems that are set up to help us, punish those people because now they have no medical benefits. Their food stamps are cut off. We find that they are oftentimes the persons that are asked to go into the menial jobs for 20 hours a week at $3.35, which makes it almost unattractive for them to ever try to get off that system, and it is a system that is perpetuated by all levels of government through interpretation.

We find that the black males in this area are suffering tremendously and yet, through the programs that the Government has set down by way of the State and local government, we have been told through the "Pick" [sic] Council and JTPA that here in this county the concentration must be females. And, yes, females do need to work.

However, we become concerned about the young, black male who has no other avenue to enter into any kind of employment other than through those avenues which were designed to help the unemployed, the underemployed, and minorities.

Incentive programs have been abused. Now, you have written into your legislation incentives for hiring, and I believe very strongly in that, but the monitoring is not there. If the arm that is going to make certain that persons who are receiving those incentives are going to be fair with their employment practices, then we leave America's major minority still in the trenches of trying to find full employment.

We need another way of counting statistics. We need a way of getting minorities through the doors of the very agencies which you have set up; and yet at every turn we are locked out. We are the last to be counted. We are the last to be able to be given full consideration. All others are given priority over minorities.

I think that your legislation speaks to all of that, but I am hoping that you will take another look at the monitoring arm because if that is not going to be implemented then all of what you are trying to do to find full employment for all Americans will once again leave minorities out of that process.

Thank you very much.

Mr. MARTINEZ. Thank you.

Next we will hear from Michael Rubich.

STATEMENT OF MICHAEL RUBICH, REPRESENTING EDWARD DEITSCH, PRESIDENT, LOCAL 1375, UNITED STEELWORKERS OF AMERICA

Mr. RUBICH. Thank you, Mr. Chairman.

I, too, must begin the speech with an apology. The president of my local, Ed Deitsch, is unable to be here today. He is involved in the national contract negotiations with LTV and he is president of one of the largest locals in the country. Therefore, he could not get out of the contract negotiations. They are very important to things going on right now, and he tried to be here. I will be giving this speech for him, and it is his speech.

Chairman Martinez, Congressmen Hayes and Traficant, I want to thank you and the congressional Subcommittee on Employment Opoportunities for this opportunity to testify.

Unemployment has long been a major concern to myself and members of Local Union 1375. In 1982, we represented 2,700 working members in our mill. In 1984, we had approximately 2,200 working members. Now, after the recent managerial agreements go into effect, we will have approximately 1,800 working members. Even after that, LTV has made no guarantees that our blast furnace will be relined, which raises the possibility of further drastic layoffs in the future. If that were to happen, there would be 400 people left in this local.

In the Mahoning Valley, there once were steel mills operating along the river from Campbell, OH, to Warren, OH. Now ours is the only fully integrated mill left. Thousands of former steelworkers in our valley are now out of work. For at least the last 4 years, there has been double-digit unemployment in our valley.

I think that other people have mentioned a study done by the Youngstown State University that has shown that the figures that are regularly released by OBES are much lower than the actual figures. The need for jobs is a long-standing and critical problem for us.

House Resolution 1398 provides that every adult American able and willing to earn a living through paid work has the right to a free choice among opportunities for useful, productive, fulfilling, paid employment part-time or full-time, at decent wages or for self-employment.

To the members of my local and to our communities this is an absolute necessity. It is our chance for a life with dignity and pride. It is our chance to be part of the American dream. People in our valley are not afraid of hard work, rather they are proud of their work and their achievements. Generation after generation has worked in our mills when they were open.

During World War II, we played a major role in producing the steel necessary to win that war. We have helped build America into the industrial giant that it is today. To be a worker in our valley was to be able to provide your family with a decent life and to be able to hold your head high, proud and dignified, a producing part of society.

Unemployment is eating away at this like a cancer, not just at the living standards but at the basic pride that people have in themselves. The Mahoning Valley is often referred to as part of the Heartland of America. Now, we are being destroyed because of the lack of jobs. If this is allowed to happen to the heartland of America, soon the rest of the nation will feel the effects, just as a body cannot live without a heart. It is not enough to have a commitment to a full employment society.

Franklin D. Roosevelt did this in 1944 with the right to a useful and remunerative job. The Humphrey-Hawkins Act of 1978 also did this with his commitment to the right to full opportunities with useful paid employment at fair rates of compensation.

What is also needed is a binding program to have the President and the Congress develop a State program to reduce unemployment. House Resolution 1398 does this in its section VI. It also provides for locally placed planning with input from town, city, county, and State governments as well as the unemployed, labor unions, and the business community.

During the recent basic steel conference, our international union issued a call for Congress to rebuild the Nation's infrastructure.

The international pointed out that the Government had embarked on such public investment programs, properly implemented the voluntary steel restraint agreements and limited imports to 20 percent so that 28,000 steelworkers would have been hired in 1985.

Steel companies would have operated at 79-percent capacity. Domestic shipments would have been increased by 10 million tons. Steel price competition would have been stabilized. This type of involvement would make the American industry profitable, restore jobs, and benefit the entire economy. At this time it would be minuscule compared to the participation of foreign governments in their steel industries, most of which steel cannot turn a profit despite massive government support.

House Resolution 1398 also addresses this by mandating the creation of productive jobs, the reductions in real and nominal interest rates and the provision of desperately needed private and public works and services. At that same basic steel conference, the reduction of the workweek to 35 hours with no cut in earnings was also reaffirmed.

House Resolution 1398 also calls for this to be implemented. The 35-hour workweek would immediately create hundreds of jobs in this valley. We all must remember that the metal workers' union in West Germany recently won the 37-hour workweek for its members. It is possible and becoming a reality in other countries in this world.

A major provision of H.R. 1398 is the right to income for the unemployed until they go back to work. To me, I understand this to mean that workers would receive unemployment benefits from the time they were laid off until the time they find work. It would also include first-time job seekers.

This is important to our valley because many of our young people are being forced to move out of the area after high school and college to find work. This breaks up our family units as well as losing many of the best and most promising young people to our community.

President Reagan recently proposed a national budget that would increase defense spending and cut social services. Gramm-Rudman has also made it clear that we cannot sustain both defense and social spending at current levels. H.R. 1398 addresses this by taking 1 percent of the military budget and using it to pay for implementing the job and creating provisions in the mill.

To the unemployed who are losing their homes and positions with foreclosures and repossessions and their families from alcoholism, suicides and depression, this is the first line of defense for them. When our homes, families, and communities are being destroyed by unemployment, jobs are more important than another missile.

I have kept for the last, one of the most important issues that my members and others face, and this is the passage of the TRA and the TAA bills currently in Congress. We have hundreds of members between my local, USWA 1375, Bob's local, the local at Copperweld, USWA 2243, and others that are entitled to benefits and are not receiving them because this bill is being held up.

Right now there are people sitting in this hall, some of them talked to me before I testified today and indicated they do not have the money to pay their rent, they do not have money to put food on their tables because their money is being held up by that bill not being passed. I understand that it's possible that Congress may consider this bill this Wednesday.

I urgently ask you on behalf of myself and my members to go back to Washington and pass this bill as soon as possible. Please do all within your power. The quick passage of this bill will save many people undue suffering and hardship.

Thank you, Mr. Chairman.

Mr. MARTINEZ. Before I turn to the panel for questions, I am going to say something, because I am very impressed by the quality of testimony we have received here today.

I have traveled around the country holding hearings on different pieces of legislation, such as plant closing bill, and have listened to the tragedy of communities where there have been losses of large mills or large industries. I have heard testimony from people who were desperately affected, whose lives have changed dramatically by the closure of these plants and the high unemployment that has been caused in their community, and I have been moved.

But I have never been moved as much as I have been today, because it seems in the panel's presentation, all of you, that you have recapitulated the problems that exist in America today, the very same problems that this administration is unwilling to look at and deal with, which is something that this legislation is attempting to do.

I have heard several comments here on how we can even improve the legislation, and one of them focused on unemployment statistics.

During hearings in Puerto Rico and the Virgin Islands, the Virgin Islands especially, one of the things that was dramatically presented was the fact that the Department of Labor statistics are wrong, completely wrong. On the Virgin Islands there are only 110,000 people; so, it's fairly easy for their Department of Labor to compile statistics which show the unemployment data given to them by the U.S. Department of Labor to be totally false. Puerto Rico, likewise, did the same thing.

So I would ask Mr. Curry if the statistics which were done by the State of Ohio for this valley are available, and if they are, would you provide them for the committee so that we can compare them to those the Department of Labor has provided? Can you hear me in the back?

AUDIENCE. No.

Mr. MARTINEZ. I don't want to repeat the whole thing, but I will say that I was commending the panel for the quality of their testimony which covered, in a nutshell, what problems really exists in the country today, problems that this administration is failing to address in an adequate manner.

I also asked Mr. Curry for the data that proves the Department of Labor statistics on unemployment are wrong because, as I have traveled throughout the country and through different parts of the territories, such as the Virgin Islands and Puerto Rico, I have seen how their Departments of Labor were able to compile those stats with a higher degree of accuracy that the U.S. Department of Labor.

I think Mr. Hayes' legislation may need to be amended to include as suggested by Mrs. Smith, monitoring and accounting. Accounting is very important, and I will be working with Charlie to try to amend his legislation to cover that.

I would like to ask all of you, or any one of you, to comment on the suggestion made by Congressman Traficant that this legislation would have a greater potential of passing if it designated site-specific pilot programs.

Let's start with Mrs. Smith.

Mrs. **Smith**. I think, given the flavor of your legislation, that it's going to have to be designated. It would be nice to believe that everyone is of the same mind as yourself, that they would like to see full employment throughout the United States, but I am afraid that many of our sophisticated leaders in Washington and locally are not of that persuasion. So, perhaps Congressman Traficant's suggestion would be well taken in the designation area.

Mr. **Martinez**. Dr. Steinbacher.

Ms. **Steinbacher**. Mr. Chairman, I think it's a very good idea, and those three States are usually among the highest as the Bureau of Labor Statistics measures unemployment. So I think those are well chosen States, and I would support it in any way we could from OBES and any dollars we might have here in the State to help that out here in the Valley. I would be strongly behind that.

Mr. **Martinez**. Mr. Kennedy.

Mr. **Kennedy**. I suppose, definitely, I think if we read a newspaper, hear all the reporting that the economic recovery is going through America, it is has certainly left us behind. It hasn't hit here.

I think that speaks directly to what Jim is talking about, that as soon as you look at these areas, Warren and Mahoning Valley, in Pittsburgh and throughout the deep unemployment areas, yes, I most definitely would support that. I think that is something that is definitely needed. I think we should look at it. Thank you.

Mr. **Martinez**. Mike.

Mr. **Rubich**. I, too, think it would be very important to consider that proposal. I know that, well, from 1977 when the first mills went down here, this valley has been going downhill; and despite all the rhetoric that they would come back, the reality is that it is not coming back and it won't come back unless there is some kind of massive change on the part of the Federal Government.

I think that we will have to address that. I think Jim's proposal does directly address that. I hope by doing that that it would not limit other parts of the country that were not designated from particpating in the bill and to stop them from fighting for it. That would be the one thing that would disturb me about it, what it would say to some parts, say, New Jersey or Pennsylvania, I know that in western Pennsylvania that there is a tremendously bad unemployment problem, so the question of how to include the areas that need it.

Mr. **Martinez**. The suggestion was made that rather than three sites, as Mr. Traficant has suggested, there be four or five.

Mr. Curry.

Mr. **Curry**. I believe this should be an excellent area for a pilot project, simply because over the years all these segments we have mentioned in this area have learned to work together city, county, State, Federal Government, unions, management, the public, the media. Here everyone is involved. Another place you might have to start from scratch; here, we have it already in place.

Mr. **Martinez**. Thank you.

Mr. Hayes.

Mr. **Hayes**. Certainly, I am impressed, as you have already said, Mr. Chairman, with the kind of testimony we have gotten from all the witnesses here.

I just want to ask those of you, and I guess most of the people in this auditorium here were or have been in trade unions and maybe still are, as a sponsor or author of this bill, I would like to know if you could tell me, Mr. Rubich, exactly what the reaction of your own union and nationally, United Steelworkers, is to H.R. 1398. I am just trying to find out. You know, we are tackling an elephant here, so to speak, and it's hard to make him a high jumper by just burning the pimple on his hip.

Mr. **Rubich**. I have only worked with the legislative department of the Steelworkers' Union. I know that they attended the meetings that helped to setup this hearing and they were involved and have encouraged us to do everything we can to get the heraing. They have offered to give us any technical information we need, and anything like that.

My understanding is that they are very interested in participating in the next hearing that you are talking about having in Pennsylvania, and I do know that the Hayes bill ties with the programs of the steelworkers very much. It directly affects the goals that they have and that they are very supportive of it in that way.

I have not talked with the top international leadership on it and so I could not give you a direct answer on that. I do know that the legislative department and the steelworkers are very suportive of it and were helpful in getting this hearing for us.

Mr. **Hayes**. I just want to make this by way of a comment. I realize that there is very little influence that leadership of organized labor can have on this administration, but it can have great influence on Members of Congress who happen to be Democrats who are really getting involved in this whole question of jobs and create a method of creating jobs. So this is why I raised the question, not just to the Steelworkers' Union but other members. And I am a part of the union movement myself.

Mr. Kennedy, maybe you want to touch on it.

Mr. **Kennedy**. Yes; as Mike has referred to, we have just recently had a big steel industry conference meeting in Washington in Janaury, and many of our bargaining goals parallel this bill exactly. Many of them are just directly parallel.

One of the things that pops out of my mind, in listening to your questions and remarks, is involvement of the Government in this year's bargaining. We are going into 1986 and many of our contracts are coming up. Some of the statistics I referred to where organized labor has suffered a brunt of the reduction of the cost of the steel industries, 72 percent of all cost reduction came out of our contracts.

As you know, we have taken substantial losses. Our productivity, on the other hand, has increased. It's a fallacy to believe the foreign imports are actually outproducing America. They are not. With all their government help, they are not outproducing us. We are more productive steelworkers than they are.

However, the Government wants to say that no, we are not. The infrastructure that is directly related to all heavy industry, you know, we need to look at that. Our bridges in our area are deteriorating. There is no tax base left. They have left. We need the help now. Your bill addresses it very significantly, and we certainly support it.

I think all the goals the steelworkers have setup for this go-around in 1986 directly speaks to your bill; and I am sure that all the support will be there. We are even calling on the companies. We are going to enter into negotiations with them that they, in turn, have to submit themselves and their resources to exactly what your bill addresses. So we are going to be seeking their help.

I think it's very interesting. I am just getting started as far as legislative, going to Washington, and I will be lobbying with you people. And certainly you are going to be seeing us. I am sure we are going to be there.

Thank you.

Mr. Hayes. If there is any hesitancy in my mind about using the midsection of the United States, Ohio, Michigan, and Illinois, as the pilot for movement in this whole area, I don't want to create the impression that by doing that that we are not concerned about unemployment as it exists in other areas.

I have been through several spots around the United States, particularly the Oakland, CA area, the whole bay area, where unemployment is really high; and they have requested of this chairman here and in that area.

I was also up in Maine, the State of Maine, where people used to make shoes. But now most of the shoes you wear are coming from Taiwan or somewhere else and those jobs are gone. Just like you said, Mrs. Smith, the jobs that these people have been able to find are certainly not jobs at the income that they used to have when they were working in shoes.

Some of the very problems you raised, they raised here. We don't have coverage of our insurance, the wages we make are Federal minimum wages, and we just are not able to make it on this and we need the Government to do something to help us to come up with industry, attract industry that would provide us with the kind of income that we can live on.

Now, these are some of the kinds of things that occur in other areas, and I don't want to be unmindful of that. Another problem I think we have to think about, you know as well as I know, there is a big effort on the part of the Federal Government to shift responsibility from Federal to States, and I don't want to get in the position where they get a way out by saying if this is a problem that these States can handle it because I know they can't. And that is why I think we ought to, while I'm for it, I think we ought to think it through before we go all out and push it.

But I want to say to you, Ms. Steinbacher, as you represent the Governor here, the State of Ohio, in specific terms, what would you like to see this administration do that it hasn't been doing in order to help Ohio with its employment problem?

Ms. **Steinbacher**. I think we have to start with the basic philosophy that missiles are more important than jobs, and we have got to change that attitude down there.

Mr. **Hayes**. I certainly share your opinion. I can't speak for the State of Ohio but, generally, I am more interested in—you know, I heard the President speak the other day. We may one day have a kind of airship that may take us from Washington to the Orient in 2 hours by the next century. I would just like to be able to operate with some of the unemployed people being able to pay carfare so they can go to a job rather than spend Federal dollars to fly to the Orient.

Mr. **Martinez**. I was just going to ask the gentleman if he would yield because his comment raised a thought in my mind about the President's message the other night.

I heard him say that these terrible Russians are, at the expense of their people, spending billions and billions of dollars on weapons; and I thought to myself, "Mr. President, don't you realize what you are saying? You are doing exactly the same thing."

It is amazing that he can see it so easily on the other side but he can't see it in himself.

At this time I would like to turn it over to Jim Traficant.

Mr. **Traficant**. Thank you, Mr. Chairman.

Can you hear me in the back?

Audience. Yes.

Mr. **Traficant**. Thank you, Mr. Chairman, Mr. Hayes.

I have a few questions, but I would first like to make a few comments.

As you can see, the chairman and Mr. Hayes are certainly impressed, and I am impressed more than you might know of the quality of the testimony that was received here today. They didn't go to 4:00. They made a message. They made it pretty fast, right to the point. They didn't pull any punches. We understood exactly what they said, and they know the problems and are making some recommendations. That's very solid.

However, there is one thing I think we have to say, especially from our area. There is going to have to be some powerful lobbying groups that take hold that are going to influence the Federal decisions. Mr. Reagan right now is trying to push that decision and those processes back on the States.

If we take a look at the States, how can the States and local government absorb some of the problems we have? There is currently a mandate for the Federal Government to act. It's a matter of where those priorities are and sometimes areas like ours do not get massively behind in those particular types of programs and get relief.

One of the areas that I want to ask you, of the organized labor representatives here today, what specific massive lobbying efforts have been made to try and pass legislation such as H.R. 1398, and what is the posture of the Federal labor movement as defined by our local area with such tremendous economic problems?

How do we fit in and how do we try and get the Federal labor movement to become a part of that process? Because right now labor has been sort of on a downturn. I think labor is a little bit on the defensive, and I would like to know what types of plans may be started off with you, Bob, that you can recognize, if you could, on the Federal level, and if you can't, on the local level, in attempting to influence some Federal level of labor lobbying and push in specific areas rather than just general areas, such as this bill.

Mr. KENNEDY. OK. Specifically, Congressman Traficant, again, I have to refer back to your basic industry conference, and this is coming from the leadership of our United Steelworkers, President Williams, or your national president. Any company that is looking for concessions, which certainly they all are today, has to agree with us to join in a joint lobbying effort lobbying Congress on content legislation.

The companies also have to agree to not use foreign products on their own, not to bring them in and use them in our mills, which they are doing. Many, many mills out in the California area, U.S. Steel, are joining in a joint effort with Korea. You know, that's nothing except using the slave labor over there, and they are going to shut down a large mill in California. They are going to supply the slage. We are going to be lobbying to Congress jointly with these companies.

Normally, now, they use their AISI and they lobby the other way for tax breaks for the corporation, for the corporate dollar. They are going to have to join with us in lobbing the people in Washington to put in legislation for us to protect our jobs, to protect import quotas. I think that's one of the major areas we have to address.

We have to address content legislation. If not, we are not going to have our industries. We are not going to be able to have full employment. If we do, we are going to be service jobs, we are going to be serving the Asian industries is what we are going to be doing. They are going to have the jobs, and we are going to be their servants.

It is very, very important to me, watching my steelworkers laid off, laid off in excess of 2 years. You know, I am not talking about short term cycle layoffs. We are talking about long-term, definite, permanent layoffs where many of my members are not going to return to that plant for one specific reason, foreign imports.

We have many, many statistics that will prove the steel usage in America has only dropped 2 percent since 1977, you know, 2 percent. Yet the Federal Government will say that steel usually is down something like 15 to 17 percent. That's wrong, and it's our job and we failed it. We have been failing to let Congress know how we stand. We have got to take the blame. We have not done it. We sit on our tails because when things were good we enjoyed the fruits of our negotiations, our benefits. Now we are getting hurt, and I hope we haven't waited too long. Hopefully, we haven't waited too long.

Mr. TRAFICANT. In response to that ending and a further question before you are seated: Specifically what if anything do you know of has existed in the Federal labor movement to support H.R. 1398 and the principle of which it adjers to, specifically, full employment as to other outstanding legislation on the books, such as the Humphrey-Hawkins bill, and what, to the best of your knowledge, has any labor movement done to push this through in contacting Members of Congress on this bill alone?

Mr. KENNEDY. I guess I am going to have plead ignorant, Jim, personally; OK? I don't know. I know from the AFL-CIO or our political wing, you know, certainly they support our Democratic candidates, and I know that will continue.

Mr. HAYES. It won't draw a blank check, either.

Mr. KENNEDY. I agree. We have some of those people that you wonder which side of the table they're on. I agree with Congressman Hayes. Specifically, I don't know. I have to stand here and tell you I don't know.

I would hope, as I indicated earlier in my remarks, that locally you are going to be seeing a lot of us because we are going to get involved at the Federal level and our international level. I know we used to have a strike bargaining committee under President Carter, on the usage of steel, and we had influence in Washington. We have let that slip away. That has gone with the present administration. So, that is our fault.

How can we stand here and point fingers because we haven't done our job? To be quite honest, we just haven't, and we need——

Mr. HAYES. Just 1 minute for a question. Does the Steelworkers' Union have any statistics to indicate how many jobs have been lost in the steel industry as a result of high technology?

Mr. KENNEDY. I don't know that we have specifically looked at high technology as related to our own product being produced; is that what you mean, new innovations in the steel mills?

Mr. HAYES. Yes.

Mr. KENNEDY. I don't know of any statistics that directly relate to that specific item itself. You know, our job losses have been directed, quite honestly, all the reports that I have seen, direct it more to the import problems, than to high technology. Most generally, those create jobs in a steel mill when we get those in there.

Mr. TRAFICANT. If you would hold on 1 minute, I would now make a request of the committee that perhaps, through the committee, they would make a request of LTV Steel in regards to what types of improvements have been made through reinvestment and technology and to what degree have their total percentages of technology investment been to their total expenditures.

Mr. MARTINEZ. In my district Bethlehem Steel closed and, as you say, laid off a lot of people who have not gone back to work. Even with all the retraining, they may have been eligible for, they just haven't found jobs again. Let me at this point take the opportunity to say this is not just a labor problem—this is a problem for employers as well as for labor. This is a problem that deals with losing our basic industries to foreign competition, because employers have not reinvested in their own future.

For years they took dollars out, and weren't arguing about the packages they negotiated with the union. The unions negotiated fair packages. But now, when there is an economic crunch and crisis, they start to blame high labor costs. This is false, and it has actually been proven by a particular facility here in the United States which reinvested in their own mill to produce on a smaller scale. I think you know about it. By using much of the technology the Japanese are using and using an on-the-floor management concept, they have actually produced at a higher quality and higher level and paid fair and decent wages to those employees. They can compete with any steel from any other country.

So, we have the ability to do it. They haven't yet, and they have the responsibility to do it now. But it isn't just a problem with the labor—it's a problem with the employers and the basic direction of the country. Are we going to support and sustain our basic industries?

But back to Jim's question. I think that we have pretty much substantiated it but we need documentation that we have actually lost jobs through foreign competition, and that high technology will never replace those industries. State and local governments are going to lose in this, and already are.

We have heard testimony today that the State is losing its population, is losing its jobs, is losing those revenue payers, and this is going to have an effect on a lot of other aspects of life in the community, not just on the industries themselves. So I would say, yes, Jim, we will follow up on that and we will try to get documentation.

Mr. TRAFICANT. I think one other point, before I move off labor, I know, Mike, you want to make a point. Maybe as you come up, I would just like to say this:

One thing labor maybe has to at some particular point face, when the critical time came, it came over the air traffic controllers. And organized labor was sleeping while the President was doing the job; and that's just in time, ladies and gentlemen. We are not here on a labor issue.

Congressman Hayes, the sponsor of this bill, Chairman Martinez are not just here on a labor movement. They are here on a full employment movement. And there can be no full employment in America without the strongest employee organization that we have ever known as organized labor. Organized labor can't be sleeping any more either, so if you would like to make a comment, Mike, in regard to that question as to how you might be fitting in and what you or your group are doing specifically on H.R. 1398.

Mr. RUBICH. Now, I don't claim to be an expert on all of what the labor movement has done, and I know that there is a great deal of support there. But some specific thing, I know that the International Association of Machinists, William Whiteman, has testified in support of the bill, William Lucci from the AFSME Union has testified in support of the bill; the AFL-CIO Council in Maine, Colorado, and I think California has.

My understanding is Pennsylvania is in support of it. There will be resolutions going to Ohio. My understanding is that the Trumbull County Labor Council, the Youngstown Labor Council, the Barberton Labor Council, I think that the Labor Council in Lorain, the Labor Council in Beaver County and Butler County have all endorsed that in this area. Every major local in this area has endorsed it, you know, there has been tremendous support from the lower levels in the structure of the labor movement.

I think a lot of it is that some sections of the labor movement are not yet familiar with the bill. I don't think that everybody knows about the bill, and that's the problem of it. I do know that the national AFL-CIO was involved in helping us get this hearing here, and they are very concerned about our hearings and worked with us on trying to get them.

I think that one point of this hearing, the majority of the unemployed are union members or were union members. In some places in the country, that's not always true. This has 3 areas of impact that I think are very important.

In the black communities, they are one of the areas that are the most hard hit. All of the minority communities are. The unions are clearly very hard hit, but the unemployed, as a group, and I would have liked to raise the question that it would have been good to have somebody from the unemployed to have testified here today. What we say in terms of statistics doesn't always tell as much as what a person says when their own life has been disrupted by this, and I think it would have been very helpful to do that.

Thank you.

Mr. **Martinez**. I'm glad you said that, Mike, because that leads into the very next thing.

I am going to thank the panel for their participation and their excellent testimony. And believe me when I say this testimony is very valuable to us because we will be using much ot if in our deliberations as we go forward from here.

At this particular time, because Jim Traficant is not an official Member of the full committee, I am going to terminate the official portion of the hearing and will continue the meeting by turning the chair over to Jim Traficant for him to conduct a hearing from the people that are unemployed, the people in the audience who would like to testify now.

We do have a time constraint in that we will have to finish by about 11:35; but we have 20 or 25 minutes now to hear those of you who want to be heard. And with that, I will turn the meeting over to Jim Traficant.

Mr. **Hayes**. Can I just make one comment in proud support of the panel, please.

If you could just help us to begin to focus attention of another way to reduce this huge deficit which we are operating under, other than continue to declare war on social programs that people are living on, one of the best ways to do it, we found out by Government's own figures, that for every 1 percent reduction in the number of unemployed, when they go to work, you reduce the deficit by $40 billion.

So if you reduce it by 3 percent, which is what we would like to do, at least set as a target, we would reduce that deficit by about $120 billion. People don't understand that, but this is the real way to do something about reducing the deficit which we are going to be talking about for the next few months in Congress.

Mr. **Traficant**. I want to say one thing before we close out, that the people that did testify were brought here today to compile specific data and information that would be incorporated into a long, hard arduous process of Washington, DC. trying to influence others. The people that were here made their particular points.

We did not particularly schedule anyone specifically from this area from unemployment because we wanted to have a spontaneous understanding and not a canned understanding. And if those two individuals are not willing to testify before us today, they do not; and I will take other volunteers. They do not know that they were scheduled to testify, but IU am now going to call from this audience two people.

The first would be Neva Beights, from the Save the Jobs Committee, and second will be Reverend Louis Jones of the Interfaith Group in Warren.

Neva, if you would like to make an opening statement. We know it's pretty tough on you, but you have responded to the committee. We know it's a little hard, but that's what we want. We want to know what is happening.

STATEMENT OF NEVA BEIGHTS, SAVE THE JOBS COMMITTEE

Ms. BEIGHTS. I am just going to tell you my own personal problems.

Mr. TRAFICANT. Can you hear back there?

AUDIENCE. No.

Mr. TRAFICANT. We need some of that high technology transfer up here into the electronics of our meeting.

Ms. BEIGHTS. I am the wife of a displaced steelworker.

Mr. TRAFICANT. Come on up here.

Ms. BEIGHTS. Is it going to work? I'm a singer and I can sing and make you all hear me, but probably I can't if I just speak.

I am the wife of a displaced steelworker. My husband and I have lived with unemployment for 4 years. We have had no income since the end of August 1985. Because we have a small savings account we are not eligible for any kind of financial help. It doesn't matter that my husband worked in dirt and oil for 28 years to earn his money and that he scrimped and sacrificed to put it in the bank for the time mwhen he would reach old age.

We have now used half of our savings, and soon it will be all gone. We live in fear because of our insecure future. Just when we are supposed to be able to live comfortably and begin to enjoy life, we find that our lives have been turned upside down. Our stomachs are always tied in knots from worry.

I am again in school at my own expense hoping for a possible career change at the age of 53. I am not longer needed as a teacher. My applications are sent in and shelved. I'm too old and I am overqualified. No school system will pay me for my years of experience and my extensive hours of university credit. Most teachers my age are retiring early because they are promised large bonuses to do so.

My husband, John, was a good steelworker. He was devoted to his job. His job was his life. He was never absent and he was never late, fully believing that his dedication would be appreciated and perhaps even rewarded. He was rewarded with a kick in the pants.

John is unskilled. He is too old to undergo training of any kind. He is depressed. He can't believe that his Government would allow industry to do what they are doing to workers across America. He sits most of his time each day not knowing what to do. He wants to go to work but there are no jobs in the valley, especially for older men. Whether he will receive a pension is still undecided. If he is given one, it will barely get us through half of each month. Where will we get enough money for the other half?

The worst part of our situation is that we have no health insurance. If we become ill or seriously injured, we cannot afford to go to a hospital. We have told our friends and relatives that they are not to call an ambulance for us, no matter what happens. Now that we are at an age when health care is of grave importance to us, we find that it is far out of our reach.

Some of our friends shun us now that we have no job and no income. They know that we can't afford to go out to dinner, to movies or to any form of entertainment. That costs money. They feel that they would be obligated to pay our way, and they certainly don't want to do that. They don't even want to hear about our situation. It's as if we have terrible diseases named unemployment and poverty, and they are afraid that they will catch them, too. If they stay away from us, they won't have to concern themselves with our problems.

Our situation is frightening to us, but there are thousands of people in this valley whose situations are worse than ours. There are people who are barely existing. Some have already died from suicide, premature births and untreated illnesses because of a lack of health insurance and proper medical care; freezing because of utility shut-offs and starvation.

Something has to be done to stop this tragic attack on America's working class. This drastic change in my life prompted me join the Save the Jobs Committee in Youngstown, and, as their chairperson, to fight for the rights of the unemployed, the underemployed and the underpaid.

I pledge to do all I can to gather support for the Hayes bill and give the American working class a chance to live a comfortable and dignified life.

Thank you.

Mr. TRAFICANT. The next individual was an employee. He has been unemployed since 1983 at a particular location, which is in everybody's heart right now, at Van Huffel.

I think he can describe some of the situations there.

So, Neva had submitted a statement to the committee. She wasn't caught totally offguard, but this individual has nothing but his own experience. We are going to ask him for those comments and situations that he has faced.

Mr. George Westmoreland III.

George, come on up.

STATEMENT OF GEORGE WESTMORELAND III

Mr. WESTMORELAND. I guess I have been laid off from Van Huffel since 1983, and I see a lot of people hurting right now. I see a lot of my friends hurt, a lot of people not working, people trying to commit suicide for their kids. And I hope maybe this committee can help some of the people here, not just those in this room but everybody in this county as well as the State of Ohio and throughout the country.

I appreciate that. Thank you.

Mr. TRAFICANT. Hold on a minute, George.

George, just briefly, in this period of time, what type of process have you undertaken, what agency have you worked with and if you had any suggestion just from your own experience, what would you tell the respected people who testified in the different areas and this committee from Washington?

Certainly, you could see that this committee is concerned about people because they were told they weren't allowed to come here because of the money cut, and they fought, I want you to know, ladies and gentlemen, to come out here to conduct this hearing. Give them credit for that.

What would you tell these people, what would you tell Mr. Hayes, who drafted this bill to have a significant impact on American legislation, and Mr. Martinez, who conducted these subcommittee hearings all over the country, what would you tell them?

Mr. **Westmoreland**. I would tell them to say, to tell Mr. Reagan to get off his—because the people in this valley are hurting. If they don't, pretty soon this whole country is going to hurt real well. They can build bombs, missiles and everything else, but it's not going to replace the equipment. This country is going to be hurt real well.

Mr. **Traficant**. Have your benefits been exhausted?

Mr. **Westmoreland**. Yes; my benefits have been exhausted since 1983 when they said, you know, you've been terminated from your job.

Mr. **Hayes**. How are you living now? Do you have a family?

Mr. **Westmoreland**. No, I don't; I live at home right now.

Mr. **Hayes**. You live at home?

Mr. **Westmoreland**. Yes, the only person working is my mom right now because my dad has been laid off.

Mr. **Hayes**. You are back home?

Mr. **Westmoreland**. Yes, sir; I went back home.

Mr. **Traficant**. One thing that Delores Smith did mention, when there wasn't a whole awful lot of interaction, is when we talked about almost a 50 percent true minority unemployment rate in Trumbull County. The largest city in our community, the city of Youngstown, there's a 42 percent minority problem. Couple that with the labor movement and the number displaced who can't find jobs, George's position is not unusual to hear.

So I think, Mr. Chairman, you find a situation, you have a male move back home into a family where his father has no work and living on the subsidy of a mother who is working on particular employment opportunities that are very low paid, to say the least.

And the incentives, my God, if some people would go out and apply for work that are out of benefits now, they would lose their hospitalization, they would lose food stamps. It's actually earning less working than they would get being on the Government payroll.

This is clearly wrong, with the concept of freedom and opportunities for every American to be a part of a great country, as our Constitution deems. So I think that is at the heart of our testimony here today.

I want to say before I close the official part of the testimony that in the concept that I brought forward about specific target sites, it was not to negate the comprehensive national program of H.R. 1398 but to sell H.R. 1398 maybe on a national basis would be a first phase of instituting it in pocket areas that need it the most.

When I talked about northeast Ohio I was talking about not only the State of Ohio but western Pennsylvania. So I am talking about Pennsylvania and Ohio as one of those cites, but specifically concentrated in the rough areas of northeast Ohio and western Pennsylvania, where the manufacturing jobs are lost.

Now, certainly, your committee would identify whatever those other sites would be and maybe even refine it from the amount of statistics you have of valid data. So I bring that forward also in hopes and in line, and being in Congress for just 1 year I would like to say this.

You recognize the people that want to do something and the people that hurt. The two people here today really want to do something. They are fighting to do something, and it's going to take an awful lot of Americans to impact upon other legislators to support the movement of H.R. 1398 and legislation like that, and chairmen like Mr. Martinez who are doing something.

So I am hoping that my one voice from a position of a freshman Congressman would maybe interact with you as a chairman and your recommendation of a national industrial policy and a Democratic caucus specifically dealing with unemployment and poverty might be the seed bed to maybe push H.R. 1398 through and other legislation that is effective.

So, in closing the official hearing and meeting here today, I want to thank you, Chairman Martinez, for fighting with the cuts to bring this field hearing to our area and for the legislation in helping Congressman Hayes, whose legislation is very good, and we have got to find a way to try and pass it.

I turn it back over to you, Mr. Chairman.

Mr. Martinez. Thank you, Jim. I would be remiss if I didn't tell you that, yes, it was difficult to come because when we had originally scheduled this hearing, we had no idea that Gramm-Rudman would be triggered.

But I want to say that you are looking at 3 people that voted against Gramm-Rudman and 3 people who are fighting it. But Jim is concerned for you all, he came to us and said, "Mr. Chairman, we have to hold that hearing. I know there have been cutbacks but some way you have got to manage it."

I went and talked to Charlie Hayes, and we had a meeting in Joe Kolter's office about the Pennsylvania hearing and this hearing, and we decided then and there that we were going to hold these two hearings. And we all volunteered, at our own expense, to move and travel if we couldn't get the committee to pay for it.

I was able to finagle from the chairman of the full committee, the Honorable Gus Hawkins, the ability to hold this hearing and have the full committee pay for the hearing.

We are going to be able to hold the one in Pennsylvania. We are going to try to get this problem brought to light so the public can start generating pressure against the administration to cause the President to change some of his archaic thinking.

Thank you all for coming.

The subcommittee hearing is adjourned.

[Whereupon, at 11:45 a.m., the Subcommittee on Employment Opportunities of the Committee on Education and Labor adjourned.]

[Additional material submitted for the record follows:]

GARY HART
COLORADO

COMMITTEES:
ARMED SERVICES
ENVIRONMENT AND PUBLIC WORKS
BUDGET

United States Senate
WASHINGTON, D.C. 20510

August 29, 1985

Hon. Charles Hayes
1028 Longworth HOB
Washington, D.C. 20515

Dear Charlie:

I wanted to drop you a brief note to thank you for sending along information regarding the Income and Jobs Action Act of 1985. I also appreciated the invitation you extended to participate in hearings on the bill.

Unfortunately, as my staff told Darryl Fagin of your Washington office, my schedule will not permit me to participate in the hearing. However, I do want to thank you for thinking of me.

As you may know, I have introduced a series of measures -- regarding retraining, entrepreneurship, public-private partnerships in education, and the like -- which deal with concerns we obviously share about the economy. It may turn out, after reviewing your bill, that we have approached these problems and simply identified different solutions for them. If that's the case, I'll certainly be keeping both your bill, and the excellent material which accompanied it, on file.

Thank you again for writing. I hope the hearing is a success.

Sincerely,

Gary

Gary Hart

RECEIVED
SEP 3 1985
CHARLES A. HAYES, M.C
WASHINGTON OFFICE

PREPARED STATEMENT OF PROF. BERTRAM GROSS

America owes Rep. Matthew Martinez a vote of thanks for convening today the first congressional hearing on over-all economic conversion.

Until now, conversion hearings — like previous bills on the subject — have focussed on conversion from expanding military production. They have ignored declining civilian sectors. Today's hearing deals with both.

Future generations will surely recognize their debt to Chicago's Rep. Charles Hayes. Along with Mr. Martinez and other cosponsors, Mr. Hayes has introduced "The Income and Jobs Action Act of 1985" (H. R. 1398). This brief -- but unusually comprehensive -- measure aims at nothing less than uniting the wisdom of America's past with bold new ideas on America's future. In doing this, it

1. Escapes the fatal separation of civilian from military conversion

2. Provides the necessary framework of nation-wide action to expand employment in sectors where more goods or services are desperately needed

3. Offers incentives for a new burst of local initiatives on behalf of civilian substitutes for unnecessary military spending

4. Mandates inclusive, rather than exclusive, private-public partnerships

5. Presents a policy umbrella for a total legislative program

6. Raises ideas for discussion on possible improvements when it becomes "The Income and Jobs Action Act of 1986."

7. Approaches these matters in the spirit of moral vision, human freedom and economic rights

Adequate coverage of these and related issues would require many days of hearings. I therefore hope the Subcommittee plans to give the measure the attention it deserves in future hearings in many other cities as well as in Washington, D. C.

I also hope the Subcommittee will indulge my unbrief — and inadequate — commentary on the 7 themes listed above.

1. Joining civilian and military conversioon

Throughout America machinists, steel workers, auto workers and texile workers are being laid off by the hundreds of thousands. Yet the pending economic conversion bills, excellent though they are, are thus far limited to conversion from expanding military production. This is a cruel paradox.

It is even more paradoxical when one considers the remarkable skills of these blue collar workers. These skills are desperately needed to meet America's needs for upgrading our industrial infrastructure and provide more and better mass transportation and housing. They are desperately needed to upgrade the quality of industrial output and make it more competitive in world markets. They are desperately needed for the training of Anmerica's young people.

Similarly, present plant closing bills are limited to advance notice and termination payments. As yet, they propose nothing to prevent plant closings or layoffs. They offer little or nothing nothing to cope with unavoidable layoffs through conversion to areas where more or better output is needed.

Fortunately, H. R. 1398 goes a long way toward filling this vacuum. Section 4, "Conversion to Expanding Civilian Sectors," makes no artifical distinction between the two kinds of conversion. The two are brought together under the concept of policies, programs and projects "for the expansion of economic activitiers in sectors where additional or improved goods or services are needed."

2. The indispensable national framework

The idea that layoffs or plant closings can be handled at the plant or community level alone is tragic nonsense. At best, this is like providing a band-aid for a fractured skull. At worst, it misleads people into ignoring the role of national action.

I dread to think what would have happened to our country (and the world) if this kind of myopic nonsense had been practiced 40 years ago after V-J day.

When Japan surrendered, America faced a staggering problem of conversion from war to peace. If we had tried to meet it with a "patch here and a patch there,"the result would have been catastrophe: another depression like that which preceded World War II.

Instead, the problem was met by over-all planning that included a broad array of specifics. These ranged from from short-term reconversion, fiscal policy (with its built-in stabilizers) and monetary policy to bold new programs in housing, education, public works, social security, foreign economic affairs and military spending. In the somewhat sloppy way characteristic of democratic decision-making, all those actions were brought together under the mandate of the Employment Act of 1946. This required that, subject to certain other reasonable considerations of public policy, the Federal government must "utilize all its plans, functions and resources... to promote conditions under which there will be afforded useful employment opportunities, incluing self-employment, for those able willing and seeking to work."

More recently, there have been prophetic voices crying in the wilderness. Thus a little more than 10 years ago Rep. Augustus Hawkins proposed comprehense planning aimed at full employment goals. Although some of his ideas were embodied in the Full Employment and Balanced Growth Act Of 1978, President Carter sidestepped its mandates and President Reagan has openly violated them.

A brilliant outline of national action was offered recently by William Winpisinger in the machinist union's remarkable book Let's Rebuild America. But too little has yet been done to translate the machinists' ideas into legislative proposals.

I see H. R. 1368 as a major step in this direction. I am referring particularly to Section 5, which mandates "a staged program to create conditions under which . . . the [Conversion] Fund created by Section 4 may be most productively used." This section provides for the kind of over-all scanning and planning advocated by the Catholic Bishops in their current draft of a pastoral letter on the U. S. Economy. It also requires special attention is paid to such geneneral measures as interest rate reductions, public works and services, reduction in the length of the work week and work year, plant closings, improved education and training and anti-inflation measures. This is backed up by the Section 6 provisions on local development banks, the proper use of pensions funds and improved federal budgetting through net outlay estimates.

Failure to make progress on such national policies, let me suggest, could counter-balance or wreck any well-intentioned plans for conversion or the prevention of layoffs or plant closings.

3. Innovative local planning

With a "layercake" model in their heads, some people see local government as the bottom layer, state government in the middle and national government at the top.

This imagery is grossly misleading. Village, town, city, county, regional, state and national governmental agencies are co-mingled or intertwined in remarkably complex mazes. Many years ago, Morton Grodzins of the University of Chicago, suggested that we take the layercake out of our heads and instead think of goverment as a "marblecake" If federal government is the chocolate in the batter, we can find large strands or small traces throughout. Thus there is little basis for allocating, let us say, education or public assistance to local governments and equal rights or civil rights to the states. There is even less basis for reserving panoramic scanning of the economy for the federal government.

One of the best ways to avoid undue concentration of federal power is to continue the historical process of broadening the perspectives of the 15,000 town, city, county and state planning agencies now in existence. When first established, these agencies concentrated on land-use, zoning and building controls. Over the years, other functions were added: public facility planning, capital budgeting, highways, social services, environmental protection, promotion of private developments, community involvement, etc. Most of these functions have become increasingly dependent on state and federal aid. Yet few local governments or their planning advisers have ever attempted to parallel even the limited panoramic perspectives provided by the Office of Management and Budget and the Council of Economic Advisers.

The "Income and Jobs Action Act of 1985" aims at broadening the perspectives of local planners. Through it, the members of inclusive partnerships — under the aegis of local government — would cooperate

> (A) to assess unmet needs in their areas, including the need for voluntary leisure, as well as for goods and services, adequate income, employment at good wages, and voilunteer activities;
> (B) to survey the supply of labor reserves and of managerial, professional and technical skills that might be used in meeting such needs;
> (C) to analyze the potential for obtaining necessary funds from various combinations of private and public soruces without undue reliance on Federal funding;
> (D) to develop goals for the future (through the year 2,000) of their areas; and
> (E) in the light of the activites conducted under subparagraphs (A) through (D), to initiate high priority action projects that attain prompt progress toward such goals through both private and public agencies and market and non-market processes. (Section 5-b (3)).

4. Inclusive private-public partnerships

"Partnership," in Webster's dictionary means "an association of two or more members in a business enterprise." In New York, San Francisco, Boston, Oakland and a growing number of other cities, it is the latest fashion in urban planning.

But the typical "local" partnership is an exclusive club composed of the executives of large banks and corporations. Occasionally, a few government officials, educators and "community people" are added. But Janice Perlman (former staff director of The Partnership Plan in New York City) says that "the real power is unquestionably with the large companies, males, white and non-residents of the city." The avowed purpose in all cases is to seek social goals through improved incentives for the private sector instead of over-reliance on government.

I share the goal of improved incentives for private companies — but with two reservations.

First, the alternatives to government include much more than large profit-seeking companies. Indeed, there is no single private sector. Instead, there are many private (in the sense of non-governmental) sectors. The non-incorporated self-employed, small and medium-sized corporations and even small business partnerships are almost entirely excluded from the so-called "partnerships." Non-profit organizations of many varieties, as often pointed out by Hans Spiegel of Hunter College, are usually excluded from top decisionmaking in these exclusive groups.

As I understand the new "Income and Jobs Action Act of 1985," it overcomes this weakness by mandating inclusive (not exclusive) partnerships. In addition to government officials, these "broad-based" groups are to include the following "small and large business enterprises; labor organizations and trade unions,; the unemployed; non-profit, voluntary and cooperative organizations (including neighborhood, tenant and home owners' associations and corporations); women; and racial and ethnic minorities" (Section 5 (b)).

Second, present "partnerships" are often oriented toward over-reliance on unconditional government hand-outs. This tendency conflicts with the old democratic principle that a recipient of public funds should be held accountable for their use. In public contracts, this principle is formally observed by detailed specifications for the work to be done, truly competitive bidding, and administrative monitoring by (presumably honest and competent) contract managers. With tax deductions, in contrast, this principle is formally overturned. The billions given away through tripled-layered local, state and federal tax shelters become legal entitlements powerfully insulated from any form of accountability. Some recipients of these entitlements have no hesitation in financing campaigns against other entitlement programs -- such as social security, unemployment insurance and public assistance — for middle and lower income people.

The remedy offered in "The Income and Jobs Action Act" is to impose certain conditions on the receipt of federal incentives by larger corporations: namely, on "their performance in living up to well-defined standards of corporate responsibility, including the obligation regularly to certify compliance with laws and regulations governing working conditions, labor relations, affirmative action, environmental protection, taxation, election contributions and bribery at home and abroad."

5. A total legislative program

Some people seem to think that the Congress should stay out of policy making and confine itself to appropriations and regulations. This is like saying that the Republican Party is a Grand Old Party but should just stay out of politics.

The great strength of H. R. 1398 is that it is a general policy bill that does not mandate any appropriations or regulations. Instead, it requires the President every year to submit an over-all economic program realistically geared to promoting genuine and sustainable prosperity. Then the President and Congress will reach joint decisions through the legislative processes set forth in the Constitution.

In explaining this, Rep. Hayes has wisely pointed out (in Point #6 of his "Questions and Answers" on the bill) that its passage would require a full package of legislation. He refers specifically (under Point 7) to many other measures now being worked on by Congressional committees. He makes it clear, I believe, that H. R. 1398 is not a substitute for specific measures.

All I can add is that the very introduction of H. R. 1368 can help spark the preparation of more adequate specific legislation. If H. R. 1398 were to become law, specific bills on economic conversion and plant closings would still be needed. In the meantime, the pending conversion bills should be strengthened to tie in with the unified approach and national framework set forth in H. R. 1368.

6. Possible improvements

In introducing H. R. 1398, the sponsors have wisely asked for constructive debate, criticism and proposals for possibnle improvements. Many of these will soon be forthcoming.

In my judgement, the biggest weakness of the measure is that it is not yet accompanied by local and state legislation. The intent of its "innovative local planning" provisions (discussed on page 3 above) is fine. But where is the "local beef"? Why wait for national legislation?

What is needed before any bill like H. R. 1398 reaches the White House is a few dozen local ordinances applying to unique local conditions some of the general principles like those set forth in Section 5. Thus a true "bottom up" approach to economic conversion and full employment policy would result if we get consideration of

— a "little Hayes-Collins-Savage Bill" before the Chicago City Council,

— a "little Martinez Bill" in Los Angeles,

— a "little Gunderson Bill" in Eau Claire, Wisconsin, and

— a "little Jeffords Bill" in Montpelier, Vermont.

7. The moral high ground: Economic Rights

What about the two central provisisons of "The Income and Jobs Action Act of 1985." As set forth in secions 2 and 3, these are (1) the right to earn a living and (2) the right to an adequate income for those who cannot find work or are unable to work or unable to work for pay.

Many other witnesses, I am sure, will deal with each of thse central provisions. I shall confine myself to this question: "What have these two rights to do with economic conversion?"

In technical terms, the enforcement of these two rights would provide the necessary conditons for effective economic conversion and efficient handling of plant closings and lay-offs. Also, the right of corporations to move to other locations (whether here or abroad) has to be balanced by the rights of their employees and of the businss enterprises and local governments dependent on those corporations for their tax base.

But more fundamentally, there are moral values behind all laws. Thus the Catholic Bishops of America have recently declared that "the Nation must take up the task of framing a new national concensus that all persons have rights in the economic sphere." To my knowledge, this principle is subscribed to be the major leaders of all religious faiths. It is of the essence of moral values in American democracy.

Back in March of 1985, Rep Hayes made this statement on the floor of the House: "If we forget economic rights, we retreat on civil rights, political rights and civil liberties."

Let me conclude my testimony by a modest addition: "If we retreat on the right to earn a living and the rights of those unable to work for pay, we shall be merely fooling ourselves and others. Only by rising to the commanding heights of moral vision, can we hope to get practical action.

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* Distinguished Professor Emeritus, City University of New York; Visiting Professor, Peace and Conflict Studies,. University of California, Berkeley; Professor of Government and Economics, Saint Mary's College of California. Executive -Secretary, Council of Economic Advisers, 1946-51.
Author or Editor: Friendly Fascism, (South End Press, 1982); The Legislative Struggle (Greenwood, 1978); Social Intelligence for America's Future (Allyn & Bacon, 1969); Organizations and Their Managing (Macmillan, 1968); A Great Society? (Basic Books, 1968); Action under Planning (McGraw Hill, 1967); The State of the Nation (Tavistock, 1966); and The Hard Money Crusade (Public Affairs, 1954).

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Africana and Hispanic Studies Program
Manning Marable, Director
Ext. 552

3 May 1985

Mr. Darryl Fagin, Legislative Assistant
Congressman Charles A Hayes' Office
1028 Longworth Building
House of Representatives
Washington, D.C. 20515

Dear Mr. Fagin:

Several weeks ago you were kind enough to forward to my attention information on the "Income and Jobs Action Act of 1985," H.R. 1398, introduced by Congressman Charles A. Hayes. I've written a column encouraging public support for its passage. The article will be distributed next Monday to over 140 newspapers, which reach an estimated audience of six million people.

Please extend my regards to Congressman Hayes for the fine work he has done and continues to accomplish in the House.

Sincerely yours,

Manning Marable

Manning Marable
Professor of Political Scoilogy

/m
Enclosure

"Bombs or Bread? Congressman Hayes' Jobs Bill"
Dr. Manning Marable/Along the Color Line May, 1985

The media has almost forgotten about them. The Reagan administration and corporate leaders pretend that they don't even exist.

But the unemployed and their families still remain the nation's greatest domestic problem, despite the 1984-85 "recovery." As Congressman Charles A. Hayes (Dem.-Illinois) noted in a recent speech before the House of Representatives, as of January 1985, the number of jobless was 8.5 million. But to this "huge figure" must be added 5 million "part-time workers actively seeking more hours of work but not finding it"; and yet "another 5 million or so who want jobs but, for one reason or another, have not been actively seeking them and therefore are not counted in the labor force." Even these figures only begin to reveal the dimensions of the crisis. "The Federal Government has never included other victims of joblessness," noted Congressman Hayes. "Let us assume that every jobless person had at least one dependent. This raises the number of victims from 18.5 million to 37 million. Let us then assume that for every one of these victims, one employed person is victimized by job insecurity or substandard wages. This raises the figure to 74 million people."

Unemployment statistics fail to convey the real magnitude of social destruction which exists. As Congressman Hayes observed, such estimates do not include "the enormous impact of joblessness and job insecurity on workers' morale, productivity, physical and mental health, alcoholism, drug addiction, violence in the family, suicide, low-income crime, racism, anti-Semitism, sexism, and other forms of institutionalized or spontaneous discrimination." While the Reagan Administration's policies have thrown millions into poverty, "small businesses and family owned farms are going under at record rates," Hayes adds. "Increasing numbers of minority youth are reaching their mid-twenties without ever having full-time employment, and families are finding it increasingly difficult to afford to send their children to college to prepare for today's job market."

The most innovative approach to the jobs crisis in many years is Congressman Hayes' "Income and Jobs Action Act" (H.R. 1398), which was introduced in Congress two months ago. If passed by Congress, the bill would guarantee a job at a decent wage to every

American who is willing and able to work, and would provide a decent income to all adults who aren't able to work. The "Income and Jobs Action Act" would not require new expenditures by Congress, but it would require President Reagan to comply with the provisions of the 1978 Humphrey-Hawkins act, which in turn demands a detailed economic plan with "goals and timetables for reducing unemployment." The bill calls for the creation of a "Conversion Planning Fund and Office" in the Executive Branch of the government, which would promote economic conversion from military to civilian production. It also urges "reductions in the military budget itself," the elimination of "wasteful tax loopholes, the more "appropriate use and direction of the enormous sums in public and private pension funds, and the creation or promotion of private and public development banks, particularly in neighborhoods and other areas of high unemployment and poverty."

Congressman Hayes is a leader in the fight for a full employment policy in Congress, but there are also other bills which merit support. Congressman John Conyers' bill, H.R. 1784, would reduce the workweek to 32 hours, outlaw forced overtime and pay doubletime for all overtime work. H.R. 229 would aid communities hit by defense plant shutdowns in conversion to peacetime production.

There are solutions to the crisis of unemployment - and the place to begin cutting is the swollen Pentagon budget. Reagan's 1986 proposed cuts in housing for the elderly and handicapped, and cuts in energy assistance, at $1.5 billion, equal the cost of only one Marine amphibious assault ship. The 1982-86 reductions in Federal job training funds for New York City alone, at $1.2 billion, equal 18 Navy F-14 jet fighters. The 1982-85 cuts in Federal income and nutrition programs which created 20 million hungry Americans, at $12.2 billion, equal the cost of the Army's Patriot ground-to-air missle program. The choice between bombs or bread isn't difficult - what is hard is mobilizing a majority in Congress to support the initiatives of Congressman Hayes and others which are the real interests of the public.

Dr. Manning Marable teaches political sociology at Colgate University, Hamilton, New York. "Along the Color Line" appears in over 140 newspapers internationally.

STATEMENT ON FULL EMPLOYMENT

Juliet B. Schor
Department of Economics
Harvard University

January, 1985

This statement is based on an "The Economics and Politics of Full Employment," Socialist Review, May 1985.

The right to a job is a long overdue civil liberty in the United States. In what follows I would like to address some of the economic issues surrounding the feasibility of ensuring this right for every American today. In particular, I will argue that neither technological change nor international competition are barriers to full employment as has been alledged.

One commonly-held view is that technological change has made full employment impossible. It is said that we are undergoing a second industrial revolution based on microelectronic technology. This revolution will yield tremendous increases in productivity, thus dramatically reducing the hours of work required to produce any given level of output. Observers contend that full employment is therefore no longer possible. I believe that this view is mistaken.

The number of jobs in the economy is determined by three factors: the quantity of goods and services demanded and therefore produced, the amount of time, or hours, necessary to produce a unit of goods and services, and the number of hours associated with each job. That is,

Number of jobs = (Number of goods and services) x (Hours of work per unit of goods and services) x (jobs per hour)

The first term, the number of goods and services, or the level of output, is essentially determined by the demand for goods and services. The second term, hours of work per unit of goods and services, represents the productivity of labor. It measures the number of labor hours necessary to produce one unit of output. The third term is the number of jobs per hour. If the average job is 2000 hours per year, one hour makes up one two-thousandth of a job.

Now we may ask what determines these terms. The demand for goods and services is traditionally divided into four categories: private consumers' demand, corporations' demand for investment goods, government demand, and the net demand for foreign goods, that is exports minus imports. Within the limits of capacity, factors which raise these components, such as increases in income or foreigners' desires to buy U.S. goods, raise the number of jobs. The productivity of labor is determined by the technology in use, the intensity of work, and the mix of output (goods and services).[1] Finally, the average workweek and the number of weeks worked per year determine the number of jobs per hour.

We are now in a position to elucidate the claim that technological change results in unemployment. It consists, quite simply, in the assumption that technological change reduces the hours required to produce a unit of output and does not generate offsetting increases in either the number of goods and services produced or the number of jobs per hour. While the rationale for

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1. The mix of output has an effect because the hours necessary to produce different goods varies. This term is an average of all the goods and services in the economy.

these assumptions is rarely made explicit, there seems to be a notion that the amount of goods and services a society can consume is limited.

There are strong grounds for believing that technological change does not in general lead to unemployment. While particular groups of workers certainly have much to fear from technical change, the total, or aggregate number of jobs is not likely to fall. This is for two major reasons. First, there are powerful tendencies within a capitalist economy to increase output levels, as a result of technological change. Second, the alienating nature of work in capitalism can be expected to generate considerable pressure from workers for reduced hours. The historical evidence bears out these analytical presuppositions.

Let's begin by tracing the effects of a technological change through the system. Assume that technological innovation occurs in the manufacturing sector. Any level of output can now be produced more cheaply. At the going prices, there is a "productivity bonus," which can be captured by workers or capitalists in the form of either higher wages or profits. If it goes to workers, it shows up as increased demand for consumer goods. If it goes to capitalists it may show up as demand for consumer goods as well, but a large part of it will most likely be used to buy investment goods. That investment will take place in the manufacturing sector and other sectors. As a general rule, both workers and capitalists end up capturing a part of the productivity bonus. In addition, the government may take some of it through taxes, which it then uses to purchase goods and services and thereby contribute to demand.

If the prices of manufactured goods fall as a result of the technical change, there are similar effects on demand. Falling prices will lead to increased demand for the products because they are now relatively less expensive, compared to non-manufactures as well as manufactures from other countries. This will lead to increased output and employment in manufacturing. Foreigners will tend to buy more of these less expensive goods, raising exports as well.

The basic point is that technical innovation generates income and there are powerful tendencies for this income to reappear as demand.

The most likely deviation from this scenario is that capitalists do not reinvest their profits domestically, but create jobs abroad. While this may reduce the number of jobs, it is inappropriate to see that reduction as "technologically" based. Indeed, increased domestic productivity is likely to reduce the incentives to invest abroad.

Thus far we have been discussing changes in the quantity of goods and services. There are likely to be reductions in hours worked per person as well. (That is, jobs per hour will rise.)

Although the shift from feudalism to capitalism led to large increases in working time,[2] since the Industrial Revolution hours have declined steadily. The length of the working day, the number of days worked per week, and the number of working years have all fallen.

What about the historical evidence? Perhaps the most interesting historical evidence is the fact that fears of technological unemployment are as old as industrial capitalism itself. In fact, the current debate is the fourth go-round on this issue. The first was during the Industrial Revolution in Britain, the second was in the Depression of the thirties, and the third took place during the automation wave of the fifties and sixties. In each of these cases, the fears proved to be ungrounded. There is no systematic trend in unemployment under capitalism, only the ups and downs associated with the business cycle. Considering the postwar period, the record is clear. In the U.S., and the developed countries as a whole, technological change was accompanied by rapid growth and unprecedentedly low unemployment. The high unemployment of the last ten years is a product of reduced technical innovation, low productivity growth and stagnation.

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2. Interestingly, European peasants in the Middle Ages worked the same number of hours per year as the modern worker in a capitalist economy. See Harold Wilensky, "The Uneven Distribution of Leisure: The Impact of Economic Growth on 'Free Time'," Social Problems, 1961, vol.9 #1.

A second view is that full employment is infeasible because of international competition. One school of thought holds that foreign competition is responsible for industrial decline and that the U.S. is experiencing a long term or structural reduction in its ability to compete. The opposing view is that the difficulties of declining industries are primarily macroeconomic in origin (deficient demand and an overvalued dollar).[3] The evidence of the last ten years is rather suggestive on this point. In the 1973-1979 period there was significant dollar depreciation. As a result, export industries performed well and employment growth in exports outweighed employment loss from imports.[4] At the same time, however, domestic demand stagnated, creating large employment losses in traditional industries, such as autos and steel. After 1979 the value of the dollar climbed such that it is now generally considered to be overvalued by 35%. The result has been disastrous for exports and import-competing industries, with likely long term consequences. On the other hand, the vigorous recovery of the last two years boosted domestic demand and led to rapid employment growth throughout the economy. My reading of this evidence is that macroeconomic or demand factors (domestic demand and the value of the dollar) have dominated the developments of the last ten years, thereby casting doubt on the view that there is a general decline in competitiveness and underscoring the importance of growth.

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[3] Both sides agree that some of the reduction in employment is due to productivity advance.

[4] Employment losses due to trade did occur in a few industries, most notably footwear, apparel and autos. Even in autos, however, trade was not the major cause of employment loss.

Whatever the causes, many voices are now suggesting that competitiveness should be our central goal, to which full employment should be subordinate. Space limitations preclude a full treatment of this view. However, I should note that I think it is fundamentally misguided. In the first instance, it confuses objectives and means. Competitiveness may be a *means* to a better society, in that it may be a precondition for participation in international trade, from which we can benefit. I say it *may* be a means insofar as it may also frustrate our goals, because it imposes the logic of the market and profitability rather than the logic of genuine social needs. In my view, the latter is currently more likely than not. I believe that if we construct our economy *primarily* with the aim of international competitiveness, we will not end up with the kind of society we want. However, if we are considering economic policy which does not incorporate major structural changes (does not institute trade planning, import restrictions or capital controls), the question of competitiveness will be important. But the effects of full employment on competitiveness are by no means necessarily adverse. Indeed, high levels of capacity utilization often reduce unit costs and macroeconomic stimulation depreciates the dollar.

I have downplayed the importance of international competitiveness and suggested that our difficulties are more macroeconomic in nature. Is it correct then to assume, as some have done, that the U.S. economy faces no structural problems? I think not. Indeed, we have been experiencing a "structural" crisis for more than a decade. Its origins were cost conditions--increased raw materials' prices, a productivity slowdown, and a deeply imbedded wage-price sprial which resulted in high rates of inflation. These "supply" problems led to demand problems, because the government responded to them by attempting to restrict demand and thereby lower inflation. It ran high-employment budget surpluses throughout the seventies and into the early eighties.[5] The result was stagflation and a host of attendant problems. The productivity slowdown was intensified; the flight of capital abroad increased.

There are other aspects of the problem as well. For instance, the pivotal role of the dollar in the international monetary system has proven to be increasingly problematic, exacerbating the Third World debt crisis, the U.S. budget deficit, and structural constraints on macroeconomic policy.[6] The result was a sharp and prolonged decline in the rate of profit on invested capital.

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[5] This evidence is contrary to conventional wisdom. But in fact the high-employment budget, if correctly measured, was in surplus at least until 1981, the year in the which estimates end.

[6] For more on this issue, see Gerald A. Epstein, "The Triple Debt Crisis: Contradiction and Reconstruction of the International Monetary System," _World Policy Journal_, forthcoming

Put in its utmost brevity the structural crisis consists in this: The U.S. economy has been unable to grow steadily and rapidly for over a decade. Supply problems created demand problems which worsened the supply problems. A successful economic reform must therefore addresboth demand and supply conditions. Advocates of international competitiveness programs are concerned almost solely with supply; macroeconomic measures to increase demand and employment are subordinated to the goal of competitiveness. Similarly, traditional Keynesian programs emphasize only demand.

What is a full employment program which considers both conditions of demand and supply? It is one which addresses basic relations of power. That is, it alters conditions of supply by instituting measures such as democracy in the workplace, popular control over investment decisions, and political rather than market determination of wages, profits and prices. Reforms of this sort have the potential for revitalizing the economy and making it more able to meet people's needs. Ultimately, the specifics are less important than the general point: a progressive response to the crisis is to argue that corporate power should be curtailed. Guaranteeing the right to a job is a crucial step in that direction.

1985.

Most Rev. Peter A. Rosazza, D.D.
AUXILIARY BISHOP OF HARTFORD
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WATERBURY, CONNECTICUT 06710

April 6, 1985

RECEIVED
APR 9 1985
CHARLES A. HAYES, M.C.
WASHINGTON OFFICE

Honorable Charles A. Hayes
Member of Congress
1631 Longworth Building
Washington, D.C. 20515

Dear Congressman Hayes:

Thank you so very much for your kind and encouraging letter concerning the Income and Jobs Action Act of 1985, H.R. 1398. The thrust of your words coincides with the principles we have outlined in the draft-pastoral on the U.S. Economy and Catholic Social Teaching, paragraphs 158 and following.

Since I am a member of the Bishops' drafting committee, I do not believe it wise for me to consider testifying on behalf of this bill at the present time. Might I refer you please to the United States Catholic Conference's office of social development and world peace, and in particular to Mr. Ronald Krietemeyer, who directs the national component of that office. He works with the Bishops' committee as well on the drafting process of the Pastoral Letter. I am taking the liberty of sending him what you have sent me, so that he will be apprised of your letter to me when he is called.

I certainly applaud the efforts of all those who attempt to raise the national consciousness about the importance of jobs which pay adequate wages, and especially those in legislative positions who try to make the right of a job a reality for all our citizens who want one.

May the Lord continue to guide you in this important effort.

Sincerely,

Peter A. Rosazza

Peter A. Rosazza

PS: Dr. James Tobin from Yale University, Nobel Laureate in Economics in 1981, recently testified before one of the Congressional Sub-committees concerning employment and the possibility of dropping the unemployment rate to around 4%. He emphasized in his presentation the need for controlling inflation at the same time and proposed some concrete measures for doing that. He made his remarks on March 19th in 1985 before the House Sub-committee on Economics stabilization. His remarks might be of interest to you as you pursue this goal.

COMMMENTS ON THE INCOME AND JOBS ACTION ACT

The Reagan administration, choosing to emphasize the reduction of deficits and the contraction of government's size, has made the drafting of a comprehensive national economic policy designed specifically to ameliorate the problems of the jobless and the poor more than a little unlikely at present. The president's budget priorities , involving substantial cuts in social programs coupled with major increments in military expenditures, were accepted by members of Congress at the outset of his first term in office as the result of the administration's use of an unusual strategy. The president, with administrative and legislative assistance, incorporated all his budget proposals in a single bill forcing Congressmen into the position of voting for or against bigger budgets. President Reagan thus succeeded in placing the problem of budget deficits rather than that of politically inspired cuts in social programs and the role of government at the top of the national policy agenda.

The Income and Jobs Action Act directly challenges the administration's claim that the golden path to deficit reduction lies in shrinking the size of government, and proposes instead that government expansion through economic planning can achieve similar ends. The bill, in identifying job creation and income maintenance as an alternative route to program cuts to diminishing budget deficits, broadens the terms of debate over national policy. A broadening that is indispensable to Democrats if they are to formulate strategies that do not simply defend former gains but that are equally capable of redirecting the future growth of the U.S. economy and polity.

The proposed legislation suggests two positive goals toward which growth can be directed: the establishment of the right for all Americans to a job and to a decent income . Much to its credit, the bill does not stop short of articulating such goals and of proposing new policy instruments to achieve them such as the creation of a Conversion Fund. It stresses more significantly that it is important to consider how such intiatives might be practically accommodated in the context of the existing federal structure. Yet, the bill´s development of this position is also its most disappointing feature.

Above all else, the bill calls for "locally based full employment plannning"which will **"prevent or counterbalance undue concentration of Federal** or corporate **power** by fostering recovery and full employment plannning " (emphasis added). But has it been the concentration of political power at the federal lev el that has inhibited economic recovery with full employment? This question warrants a brief historical reference. In the heyday of "manpower planning" during the Great Society it was not the concentration of federal power that circumscribed employment strategies; no central authority was ever established at the federal level to prevent programs for the jobless and the poor from being pulled in conflicting directions even though efforts were made to expand the federal government's ability to regulate the economy. Local politics were no more immune to such problems. Powerful local interests had to be accommodated in employment legislation that resulted in the division of programs among several federal agencies operating in so loosely a cooperative manner as to dilute the effectiveness of their operations. The division of programs, particularly the separation of those dealing with income support from those addressing job creation, tended to reinforce local level tensions between labor and civil rights organizations, making it increasingly difficult, over the past decade, to unite the common interests shared by these groups within the Democratic coalition. The Income and Jobs Action Act, without offering a sufficent analysis of why the previous employment strategies it builds upon were not politically coherent or self-sustaining in their own terms, provides a misleading framework for further debate.

The bill assumes that local planning initiatives can somehow bypass national level politics. I must insist that if this proposed legislation does nothing else, it should redirect national policy debate by analyzing the problems involved in using central authority to organize new levels of local participation at the same time that costs and benefits are allocated according to some kind of consensus over economic purposes. In short, the bill should say more than it does aout how its goals of full employment and income maintenance are to be enacted, broadly supported, and effectively implemented within U.S. governmental and political arrangments. Aspects of such arrangements that may be further specified for example are as follows:

1) How political parties can be reorganized not only to mobilize new levels of political participation but to structure it consistently along partisan lines as well. How regular communication between newly moblized citizens and policy making officials and politicians can be established. How political parties are to transcend the barriers posed by the uneven regional receptivity to reform.

2) How enduring links between policy experts and politicians for the creation of a specific policy agenda can be created.

3) How Congressional politics and elections can be rearranged to discourage the brokering of interests by representatives in their local districts that lead to pork barrel spending patterns. How to foster representatives´ support for lasting party programs in the interest of a broader nexus of groups nationally.

In sum, unless the proposed legislation more directly tackles some of the specific political problems involved in achieving its goals, the Income and Jobs Action Act will pose no serious challenge in upcoming national policy debate.

Representative Charles Hayes.

I wish to commend you for your efforts to transfer 1% of the Pentagon Budget into job training and re-training programs. Even without hard statistics on unemployment, under-employment, and lack of skills for jobs that do exist, I know from my eleven-year experience of living in some of the poorer - though not the poorest - Chicago neighborhoods, that jobs & job-training and re-training are basic unmet needs.

I am outraged that the most elementary needs of people and of the environment, so that life-support systems are not destroyed, are essentially ignored. Meanwhile an ever-increasing portion of limited resources, human, material, and financial, are poured into the militarization of our own society, other societies, and now even space. The Conference Report on the Defense Appropriations Bill HR 1872, is a case in point. This Report includes $\$3.5 \times 10^9$ for 22 weapons systems NOT approved by the House, 12 MX missiles NOT approved by the House, nerve gas production for the first time in 16 years, to mention only three of many disastrous changes in the House Bill. If this Report could be defeated, one of many important benefits flowing from that defeat would be the "freeing-up" of $\$10 \times 10^9$. Directing $\$3 \times 10^9$ of that to job training deserves the strongest possible support.

Sincerely,
Sr. Gladys Schmitz
851 N. Leamington
Chicago, Il. 60651
Staffperson, Sisterhouse

Representative Charles Hayes

I approve your plan for taking 1% of the Pentagon's budget for jobs and job training, Congress should keep on hacking at our oversixe military spending. I hope you get a lot of support for this.

Beulah Samuel

Jo Anne Phillips

Virgie Luchsinger

Deborah Barrett